

Continental

SOUTH AFRICA

RP.

NIVA

101



**CLINTON'S  
NEW  
BEGINNING**

● His political  
and social agenda  
Page 14

● What it means  
for the US economy  
Page 15

● The tax threat to  
foreign companies  
Page 14

● Results and  
reaction  
Pages 6-8

**Maxwell one year later**  
The expensive pursuit  
of missing millions  
Page 10



# FINANCIAL TIMES

Europe's Business Newspaper

THURSDAY NOVEMBER 5 1992

D8523A

## MAN group warns of lower profits and fewer jobs

MAN, one of Germany's biggest engineering groups and a prime beneficiary of German unification, warned yesterday that profits for the year to the end of next June would be down from the record level of the past two years.

Klaus Götz, chief executive of the Munich-based manufacturer of trucks and diesel motors, said by the end of this financial year the number of employees would be down 4,500, or 7 per cent, since the economic downturn began. Page 17.

**Government at risk** The Irish government is expected to fall today after the Progressive Democrats, junior partners in the coalition, resigned their ministerial posts and indicated support for a "no confidence" motion from the opposition Labour party. Page 16.

**American Telephone & Telegraph** is negotiating to buy a 33 per cent stake in McCaw Cellular, the biggest company in the fast-growing US cellular telephone market, for \$3.8bn as part of a broad alliance between the two businesses. The deal includes AT&T buying out the 22 per cent stake BT holds in McCaw.

**Barclays de Zoete Wedd** The UK merchant bank has been dropped as adviser on the privatisation of Hungary's largest brewery after a dispute with government authorities. Page 17.

**Bank of England governor under fire** Robin Leigh-Pemberton, governor of the Bank of England, endured a fierce cross-examination by MPs over the way the Bank supervised the Bank of Credit and Commerce International. In reply he rejected criticism of the Bank's style of supervision as "passive and timid". Page 9.

**Deaths 'certain'** Heavy casualties in Bosnia-Herzegovina are inevitable this winter because of the failure to meet its humanitarian aid needs, warned Cyrus Vance, co-chairman of the Geneva conference on the former Yugoslavia. Page 16.

**Call for stricter probes** More thorough inspections of Boeing 747 aircraft in the wake of last month's crash of an El Al jet in Amsterdam are being strongly urged by the US National Transportation Safety Board. Page 4.

**Trade surplus jumps** Japan's current account surplus increased by 50 per cent in the first six months of the financial year to stand at \$57.8bn.

**TV sweeps sought** Australia's Labor government is preparing fresh legislation for the introduction of subscription television after its MPs approved compromise proposals. Page 4.

**Woolworth Corporation** The US retailer which operates both general merchandise outlets and specialty stores reported sharply improved third-quarter results. The group halted after-tax profits from \$41m a year ago to \$65m. Page 20.

**Self-off hints** Belgium could launch its ambitious privatisation programme late this year, according to the finance minister. Page 2.

**Air Canada**, which has dropped its merger plan with rival Canadian Airlines International, reported a C\$142m (US\$116m) loss for the third quarter, its heaviest since 1988. Page 20.

**Bank's moves** ANZ Grindlays Bank, Australian-owned group involved in the Bombay securities scandal, has paid Rs5.05bn (\$174m) to a central bank subsidiary against seven disputed cheques, in a package deal to refer the disputed transactions for arbitration. Page 4.

**British Petroleum** The UK oil group said the overseas investment arm of the Anglo-American Corporation-De Beers group of South Africa, had conditionally agreed to pay US\$450m for its 49 per cent holding in the Olympic Dam copper-gold-silver-uranium mine in South Australia. Page 17.

**Businessman held** Iran said it had arrested a US citizen, Milton Meyer, on charges of illegal business deals. The official Iranian news agency IRNA said Meyer was also accused of having dealings with "agents having links with foreign intelligence services".

**Cash transfers 'no easier'** Banks have not made it easier for customers to transfer money across EC borders over the past five years, the European consumers' association says. Page 2.

STOCK MARKET INDICES		STERLING	
FTSE 100	2,891.7 (+13.5)	New York	1,547.6 (1,551.5)
Yield	4.48	London	1,553.5 (1,549.5)
FTSE Euroshare	1,637.86 (+1.70)	DM	2,435 (2,42)
FTSE All-Share	1,772.33 (+0.48)	FF	4,375 (4,182.5)
FTSE World Index	1,852.22 (+0.26)	SP	2,176 (2,155)
World	17,065.29 (+21.14)	Y	798.75 (788.0)
New York		£ Index	78.8 (78.4)
Dow Jones Ind. Ave.	3,229.84 (+29.44)		
S&P Composite	417.71 (+2.81)		
US RATES		DOLLAR	
Federal Funds	2.75% (3.25%)	New York	1,580 (1,567)
3-mo Treas. Bils. Yld.	3.8675% (3.075%)	DM	5.31 (5,305.5)
Long Bond	9.41% (9.5%)	FF	1,482.3 (1,388.5)
Yield	7.875% (7.5%)	SP	1,223.8 (1,224.5)
LONDON MONEY		YEN	
3-mo Interbank	7.5% (7.5%)	DM	1,387.5 (1,383.5)
Life long gilt future	Dec 1992 (Dec 1992)	FF	5,385 (5,252.5)
NORTH SEA OIL		SP	1,408.5 (1,392.5)
Brent 15-day (Dec)	\$19.975 (19.575)	Y	122.8 (121.5)
WTI Gold		£ Index	64.3 (64.1)
New York Comex (Nov)	\$337.1 (337.5)		
London	\$337.3 (337.7)	Tokyo close Y 122.8	

Austria	Scd50	Greece	Dd50	Lat	LF50	Qm	QR15.00
Bahrain	Dv1.25	Hong Kong	F150	Mex	Lm1.50	S.A. Arabia	SR11
Belgium	BF100	Ireland	Kr100	Morocco	Md113	Shanghai	SH4.10
Bulgaria	Ld5	India	Rs20	Neth	F 3.50	Spain	SP200
Cyprus	CT1.00	Indonesia	Rp500	Nigeria	Nd120	Stockholm	SK15
Czech	Kc25	Israel	Shs1.50	Norway	Nkr15.00	Swiss	SP1.00
Denmark	Dkr14	Italy	L200	Oman	Om1.20	Syria	SyP20.00
Egypt	Eg1.50	Jordan	Jd1.50	Pakistan	Pk20	Thailand	TH20
Finland	Fm12	Korea	Won 250	Philippines	PhP5	Taiwan	Tai1.00
France	Ffr10	Kuwait	Kd1.00	Poland	Plz10.00	Turkey	TL200
Germany	Dm3.50	Lebanon	US\$1.25	Portugal	Pt100	UAE	Dir10.00

## Gatt refuses to support US sanctions on EC trade

By Frances Williams in Geneva, David Gardner in Brussels and David Dodwell in London

THE THREAT OF a trade war was temporarily averted yesterday after the US failed to win support for a \$1bn (2500m) package of sanctions against the European Community.

Punitive tariffs on food and drink imports into the US from the EC could, however, still be imposed scuppering hopes of a world trade agreement.

Mr Rufus Yerxa, US ambassador to the General Agreement on

Tariffs and Trade in Geneva, asked Gatt's governing council to authorise trade reprisals of up to \$1bn on EC exports to the US as part of long-standing dispute between the US and the EC over the trade in oilseeds.

The US, he said, had shown "uncommon patience" in the five-year dispute over subsidised oilseed production.

This \$1bn figure represents the trade which Washington claims its soybean farmers have lost as a result of EC oilseed subsidies.

The Gatt council, which has twice condemned the EC sub-

sidies, expressed sympathy for the US position but refused to endorse sanctions. It opted instead to "receive" the US statement.

Mr Tran van Thinh, EC ambassador to Gatt, warned that a Gatt endorsement of US sanctions "would have fatal repercussions on the Uruguay Round". The two sides were "on the brink of an agreement", he said.

Washington's failed attempt to escalate the dispute follows the breakdown on Tuesday of talks in Chicago between Mr Ed Madigan, US agriculture secretary,

and Mr Ray MacSharry, EC agriculture commissioner. These aimed to resolve the long-running dispute as part of a broader accord on farm subsidies.

Mr MacSharry, who is also chief EC negotiator in Chicago, said the "Community has no alternative whatsoever but to resist" if the US went ahead with punitive tariffs, Mr Frans Andriessen, EC external affairs commissioner, cautiously supported this view.

Mr MacSharry added that if Washington went ahead "this would make clear the US doesn't

want a Uruguay Round settlement, which is a disgraceful situation". He said "a very good agreement" to settle the farm chapter of the Uruguay Round was close. But in the end, senior EC officials say, the US moved backwards on the separate but linked oilseeds dispute, by trying to set a lower and permanent production limit for the EC.

Mr MacSharry received support from the European Parliament agriculture committee and the trade committee of the Council of Ministers. But he is understood to be dismayed at the lack of

support from Mr Jacques Delors, Commission president.

There were strong rumours yesterday that Mr MacSharry had decided to take no further part in the Gatt negotiations handing over responsibility to Mr Delors.

One senior EC official says Mr Delors phoned Mr MacSharry in Chicago to say he would oppose the Gatt deal that was taking shape, and that France and another unspecified member

## Clinton tells enemies and allies not to doubt resolve

By Jurek Martin and George Graham in Washington

MR Bill Clinton, the Democratic governor of Arkansas and president-elect, set out yesterday to reassure foreign allies of the US and warn its enemies not to take advantage of president George Bush's lame-duck administration.

"The greatest mistake any adversary could make would be to doubt America's resolve during this period of transition," Mr Clinton said, implicitly targeting Iraqi president Saddam Hussein, who yesterday celebrated the defeat of President Bush.

Full election results; Page 6  
Waiting for Perot; Page 6  
Foreign reaction; Page 6  
Popular base, tricky score; Page 6  
A leading proposition; Page 14  
Editorial comment; Page 14  
New kind of Democrat; Page 15  
Last; Page 16

last months in office by vetoing a \$27bn tax bill sent to him by the last Congress.

In the end, Mr Clinton's margin of victory was somewhat less overwhelming than had appeared likely at one time. His margin in the electoral college was decisive - winning 35 states plus the District of Columbia worth 370 votes against 18 states and 168 electors for Mr Bush. But he achieved only the third lowest score in the popular vote this century.

Near final figures gave him 43 per cent, against 38 per cent for the president and 19 per cent for Mr Ross Perot, the independent.

Mr Perot gave no hint of his future or that of his movement, but offered an unspecified helping hand to Mr Clinton.

The combined Clinton-Perot vote, about 62 per cent, was a resounding rebuff for the person and policies of President Bush, who had taken over 53 per cent of the popular vote four years ago. One explanation lay in a turn-out estimated at about 104m, the highest ever, equivalent to about 55 per cent of registered voters, last exceeded in 1972.

Though many state races were very close, Mr Clinton assembled a geographically well-spread series of victories. He swept the

"We understand the need to pursue stability even as we pursue growth," he said.

President Bush, only the fourth elected incumbent to be turfed out of the White House after one term and the first Republican to suffer the fate since Herbert Hoover, in 1932, flew back to Washington after a gracious concession in Houston on election night.

He signalled that he did not plan to bow out entirely in his



President-elect Bill Clinton (left) and vice president-elect Al Gore greet their supporters in Little Rock, Arkansas, after the election

## Major fights to restore authority

By Philip Stephens, Political Editor, in London

BRITAIN'S prime minister Mr John Major fought to restore his authority yesterday with a stark warning to Tory rebels that the UK's economic recovery and all places at the heart of Europe were inextricably linked.

In a tense and frequently angry House of Commons debate which turned into a crucial test of the prime minister's standing, he warned that failure to proceed with the ratification of the Maastricht treaty could leave Britain "scowling" in frustration on the fringes of Europe.

Mr Major's rallying call came in a last-ditch plea for MPs' backing for his European strategy from Tory Euro-sceptics pledged to wreck British ratification of the Maastricht treaty. But as MPs prepared for last night's vital vote on whether to press ahead

with the ratification process, the outcome still looked uncertain.

Senior ministers privately predicted a narrow victory for Mr Major with 19 of the 20 MPs from the third party, the Liberal Democrats, pledged to vote with the Conservatives. But more than 30 Tory Euro-sceptics insisted that when their votes were added to those of the opposition Labour party and other opposition parties, the government's majority

of 21 would be overturned.

Mr Major, who called yesterday's vote in an attempt to restore his authority at home and strengthen his negotiating hand in the European Community, sought to turn the debate into a fundamental choice about Britain's place in Europe.

In a powerful speech which brought noisy applause from most Tories but left many hard-line Euro-sceptics unmoved, Mr

Major said: "The essential question is simply: are we or are we not in this country to play a central role in Europe's development?" Warning that an attempt to renege now on the Maastricht treaty would severely damage Britain's economic prospects, he said the "neutralist" Europe feared by the Euro-sceptics was

## Volvo to close two plants with the loss of 4,500 jobs

By Christopher Brown-Humes in Stockholm

VOLVO, Sweden's leading motor vehicle manufacturer, is to close two of its three Swedish car plants as part of a sweeping rationalisation of its operations.

The measures, announced yesterday, will result in the loss of 4,500 jobs, 10 per cent of Volvo's overall workforce, by 1995.

The cuts, which were more severe than expected, reflect the sharp decline in sales in the group's three main markets, the US, UK and Sweden, and seven consecutive quarters of losses in its core operations. The aim is to achieve group operating income of SKr5.5bn (\$940m) by 1995.

Car production will now be concentrated at the group's Torslanda plant in Sweden and at Ghent in Belgium. The plants at Uddevalla and Kalmar will be closed to achieve annual cost

savings of SKr350m.

Uddevalla, which only started operations in 1989, will be closed next spring and Kalmar in mid-1994. A total of 1,600 jobs will be cut.

The closures are a personal setback for Mr Pehr Gyllenhammar, Volvo's chairman. Under his guidance, both plants fostered new production methods, involving multi-skilled assembly-workers, rather than traditional assembly line methods. The company said the closures were entirely dictated by market factors, not because of deficiencies in the new techniques.

Volvo expects car sales of just over 200,000 this year, excluding the small 400 series. In Sweden, the US and the UK, it forecasts total sales of 120,000 to 130,000 large cars, compared with 200,000 in 1988. The plant closures will reduce production capacity for large cars from 370,000 to 300,000.

Volvo's new chief executive, Sören Gyll, said rationalisation was needed to safeguard the company's future product development and competitiveness. "We must reduce our overall cost structure and adjust our organisation to market conditions."

Meanwhile, Volvo Trucks announced 2,000 job losses due to a rationalisation programme which aims to cut costs by SKr2.5bn by 1995. "There is no indication of any improvement in the market and an increase in sales in the near future", it said.

A total of 500 jobs are also to be shed at Torslanda and there will be job cuts at Volvo Penta and at two small car factories.

The rationalisation measures were welcomed by analysts. "It's good for productivity and for the prospects of closer collaboration with Renault," said Mr Christian Diebitsch, Swedish analyst at Kleinwort Benson in London.

Mr Major's rallying call came in a last-ditch plea for MPs' backing for his European strategy from Tory Euro-sceptics pledged to wreck British ratification of the Maastricht treaty. But as MPs prepared for last night's vital vote on whether to press ahead

### FACED WITH LOWER INTEREST RATES AND RETIREMENT?

## WHITTINGDALE GILT INCOME FUND

A 9% GROSS YIELD, WITH SIGNIFICANT CAPITAL GAINS IF INTEREST RATES FALL

"SPONSOR YOUR INDEPENDENT FINANCIAL ADVISER AND ASK THEM ABOUT PROTECTING YOUR INCOME FROM FALLING INTEREST RATES"

# W

## WHITTINGDALE

GILT-EDGED EXPERTS

The Whittingdale Gilt Income Fund is an authorised unit trust. Please remember the price of units and the income from them may fluctuate. Whittingdale Unit Trust Management Limited is a Member of IMRO and LAUTRO. Whittingdale Limited is a member of IMRO.



## NEWS: EUROPE

## Privatisation plan on the move

## Belgium hints at early start to big sell-off

By Andrew Hill in Brussels

BELGIUM could launch its ambitious privatisation programme before the end of this year, according to Mr Philippe Maystadt, the finance minister.

The committee of four "wise men" appointed to examine privatisation prospects will submit its preliminary proposals for a first wave of sell-offs to Mr Maystadt today or tomorrow. The confidential list will consist mainly of financial institutions, such as savings banks and credit institutions.

A stake in one of those companies could be advertised for sale before Christmas to test the water for further privatisation. The government wants to raise Bfr60bn (£1.18bn) over four years, with a target of Bfr25bn for 1993, to help bring its budget deficit in line with the Maastricht criteria for European monetary union.

Individual privatisation proposals will need cabinet approval and could require a parliamentary vote. However, Mr Maystadt said he was convinced that ideological differences between socialist and Christian Democrat coalition partners would evaporate once "concrete proposals" were on the table.

Mr Jean-Luc Dehaene, Flemish Christian Democrat prime minister, set the debate in motion two weeks ago when he said the state should put no restrictions on the assets to be sold, the identity of the buyer, or the proportion of state companies to be privatised. The deputy prime minister, Mr Guy Coëme, a French-speaking socialist, hit back by arguing that Mr Dehaene's position did not reflect the government's.

Mr Maystadt, of the francophone Social Christian Party, said "golden shares" - allowing the government to retain control of the company - were not ruled out for sensitive sectors, such as energy.

But he added that the government should be ready to sell more than 49 per cent of state enterprises. "If it appears that we can get a better deal and we are able to sell our participation on better terms if we allow control by a newcomer then why not?" he said.

The first sales will be to individual buyers, but in two or three years' time, Mr Maystadt believes it might be possible to have a UK-style public offering of shares in one of the larger institutions such as Belgacom, the state telecommunications company.

He said that he had already received a large number of inquiries.

Belgium's senate voted overwhelmingly in favour of ratifying the Maastricht treaty yesterday, Reuter reports from Brussels.

The senate decision, which King Baudouin must sign, is the last important step towards Belgium ratifying the treaty. The lower house voted in support of the agreement two weeks ago. At yesterday's senate meeting, 115 supported the treaty, 36 voted against and there was one abstention.

Belgium's small regional parliament for the German community is expected to vote on the treaty later this month. A parliamentary spokesman said the German community was expected to support the senate's decision.

## Unemployment up sharply in west Germany

By Quentin Peel in Bonn

UNEMPLOYMENT in western Germany increased sharply last month, and short-time working shot up by more than 180 per cent, as the downturn took hold of the economy.

The number of jobless rose by 46,700 to 1,830,300, according to the Federal Labour Office, the first time since 1984 there has been an unemployment rise in October. The unemployment rate in west Germany now stands at 6 per cent, compared with

5.4 per cent one year ago.

At the same time the numbers on short-time working increased from 122,200 to 326,700, as short shifts were introduced principally in the mechanical engineering industry, iron and steel, the automobile industry and electrical engineering.

Although there was a slight fall in the numbers officially unemployed in east Germany - down 13,300 to 1,097,500, a rate of 13.5 per cent - a key factor was withdrawal of job seekers from the labour market.

The proportion of women among the jobless in east Germany is almost 65 per cent, reflecting the disproportionate loss of female employment since communism collapsed.

Mr Heinrich Franke, the president of the Labour Office, stressed that another 1,700,000 would be registered unemployed in east Germany if it were not for labour programmes designed to alleviate the jobs crisis there. Almost 500,000 are taking part in full-time training schemes and 370,000 in job creation programmes; there are 837,000 on early retirement pensions.

Spending on unemployment benefit and other labour market schemes is expected to increase by between DM2.4bn and DM3.3bn (£1bn-£1.2bn) in both east and west Germany above the current budget figure because of the economic downturn, government officials said.

As part of a package of budget savings measures, the government has agreed to increase unemployment contributions next year from 6.3 to 6.5 per cent of wages to pay for the excess, but to reduce pensions contributions by the same amount. Mr Dieter Vogel, the government spokesman, said the shortfall on pensions would have to be made good in 1994.

The German trade union federation (DGB) called for urgent measures from both the Bundesbank, in relaxing the current high level of interest rates, and from the government, in accelerating investment plans, to counteract the rise in unemployment.

## Brussels urges accord on VAT

PLANS to simplify the transitional direct tax system in the European single market should be pushed through the EC's legislative machinery before the end of the year, the European Commission said yesterday. Andrew Hill reports from Brussels.

The Commission approved a new draft directive to help lift the potential administrative burden on companies, many of which have complained about the new transitional system for collecting value added tax (VAT) and excise duties.

Mrs Christiane Scrivener, the EC tax commissioner, said the European Parliament and national officials would begin debating the measure immediately, and the Commission hopes for unanimous approval from member states before the old system of border controls is abolished at the end of the year. The directive should eliminate problems arising from "triangular trade". For example, if a German company occasionally buys goods from a British group for delivery to a Spanish company, the German company will not have to register for VAT in Spain.

## Russian bank chief returns

Mr Viktor Geraschenko was yesterday confirmed as chairman of the Russian central bank yesterday, returning to the role he held in the former Soviet Union, Leyla Boulton writes from Moscow. Mr Geraschenko, who sees his role as including support for industry in the absence of capital markets, has spent a year out in the cold following the August coup in 1991, and a challenge from the newly-emergent Russian central bank while he still chaired the Soviet central bank.

## Inflation in Italy at 5%

Italy's inflation rate dropped last month to an annual average of 5 per cent, the lowest level since 1985, Robert Graham writes from Rome.

According to Istat, the national statistics office, October inflation was running at 0.6 per cent. Consumer prices have now been falling steadily since the last quarter of 1991; nevertheless the annual average still remains above the European Community norm.

## Sweden gives enterprise boost

Sweden plans to set up a new SKR2.5bn (£276m) fund to support the development of new companies. Christopher Brown-Humes reports from Stockholm. The scheme, based on a successful German model, aims to help the companies get access to finance at a time when the country's crisis-hit banking sector is often reluctant to provide support. It will start operations on January 1, 1993. The new scheme complements a venture capital project for small and medium-sized businesses, which was unveiled last month.

## Finland gets EC entry approval

The European Commission said yesterday it was recommending talks on admitting Finland to the Community. Reuter reports from Brussels.

Apart from a few specific problems such as agriculture and regional policy there were no insuperable obstacles, Mr Frans Andriessen, the external relations commissioner, told a news conference.

## Delors names Dutch PM as 'right' successor

By Lionel Barber in Brussels

MR Jacques Delors, European Commission president, yesterday took the unusual step of naming the prime minister of the Netherlands, Mr Ruud Lubbers, as his preferred successor, two years before he is due to leave office.

Speaking in a Dutch radio interview on Tuesday, Mr Lubbers' tenth anniversary in power, Mr Delors said that the Dutch prime minister would be "the right person in the right place" to take over as Commission president.

Only last summer, at the Lisbon summit, EC leaders agreed to re-appoint Mr Delors to a further two-year term which would expire at the end of 1994. Mr Lubbers has made clear that he does not want to make himself eligible for the Commission presidency until then.

But Mr Delors' remarks aroused interest in Brussels because they come amid widespread reports that he is frustrated by his decline in influence since the Danes rejected the Maastricht treaty on closer European union.

He is also said to be frustrated by the corresponding assault by several member states,

including Britain, on the powers of the Commission.

An EC official familiar with Mr Delors' thinking described the Commission president as "feeling sore".

Another EC official said Mr Delors was upset that he had not been formally invited to give a presentation on the need for an EC-wide growth package at the up-coming Edinburgh summit.

Mr Lubbers is a leading contender for Mr Delors' job. A few days ago, Chancellor Helmut Kohl said he would make a good Commission president.

As a proven national leader, he would also be a credible defender of subsidiarity - devolving power from Brussels to the lowest appropriate level in the Community.

Mr Delors said of Mr Lubbers yesterday: "He is a true European, has fresh ideas, and is capable of innovation. He is willing to discuss matters and he can compromise between the Twelve, an essential quality for the success of the Community."

Mr Delors, who has headed the Commission since 1985, is best known for his successful campaign to introduce a single European market by the end of 1992.

## Ukraine issues warning on Start

By Chrystia Freeland in Kiev

UKRAINE'S prime minister, Mr Leonid Kuchma, warned yesterday that unless the west offered further inducements he would have a hard time selling the strategic arms reduction treaty (Start) to parliament.

"Ukraine is giving up its nuclear umbrella and in exchange we are receiving only advice, not real aid," said Mr Kuchma, who was director of the world's largest missile factory before becoming prime minister last month.

Ukraine has repeatedly promised to become a non-nuclear state and has already removed all tactical nuclear weapons from its territory. However, 176 inter-continental missiles (ICBMs) remain in Ukraine.

The ICBMs are to be removed and dismantled through a complex process regulated by Start, the Lisbon protocol (which extended the bilateral Start treaty to include Ukraine, Kazakhstan, and Belarus) and the non-nuclear proliferation committee, all of which must be ratified by the legislature. Russia's parliament ratified the Start treaty yesterday with some reservations.

"I am for ratification but if

we go to parliament with nothing it will be a fiasco for me and for the president," Mr Kuchma told journalists.

He said that Ukraine should get security guarantees and economic aid from the west in exchange for its historically unprecedented renunciation of nuclear weapons. Revealing the technical expertise which should make him a tough arms negotiator, Mr Kuchma also gave a detailed critique of the method for destroying the missile silos proposed by the US.

Ukraine will shortly introduce the coupon and ignore cash currency, effectively taking the second most powerful former Soviet republic out of the ruble zone, said Mr Kuchma yesterday. The move is part of his broader effort to improve his republic's often hostile relationship with Russia, which has urged Ukraine to introduce a separate currency in order to shield Russia from Ukraine's spendthrift monetary policy.

Mr Kuchma, who warned of impending economic disaster in Ukraine, said he would restrict the allocation of credit to faltering state enterprises and raise the central bank's discount lending rate to at least 50 per cent per year - at a time when inflation has exceeded that rate per month.

## France to strengthen transfusion controls

By William Dawkins in Paris

THE French cabinet yesterday drew up tough rules on the handling of blood for transfusions to try to avoid a repeat of the scandal in which the national transfusion service gave HIV-infected blood to more than 1,300 haemophiliacs.

The rules would increase state control over the conditions under which blood is donated, checked for disease and transported, at a time when EC single-market regulations will end the monopoly of the national blood transfusion service.

This has become of high political importance in France, following the passing of prison sentences on three senior health service officials accused of criminal negligence and fraud in allowing HIV-contaminated blood to be distributed. Concern has deepened with the revelation that Institut Mérieux, a leading pharmaceuti-

cals group, had until November 1985 exported blood without heat-treating it for HIV.

The new rules, which will go before parliament for final approval, forbid distribution in France of blood from paid donors, punishable by up to five years in prison and a FFfr10,000 fine. Blood must be tested for HIV and treated before being distributed and the identities of donors and recipients must be kept confidential.

The law also establishes a national blood agency to monitor the collection, processing and distribution of blood products. It will have a team of inspectors, responsible for overseeing 163 blood donation centres, and will be responsible for blood processing laboratories. Previously, the French blood products system had no central organisation, except for the transfusion service, responsible solely for stocking and distribution.

## Balkans war alarms Bulgaria

By Virginia Marsh and Theodor Troev in Sofia

BULGARIA fears instability in the Balkans could be deepened by the Yugoslav conflict spilling over into neighbouring countries. President Zhelyu Zhelev said yesterday.

"There is a strong possibility that the conflict could spill over into Kosovo and Macedonia and from there into other parts of the volatile Balkan region. The tensions in Kosovo are such that one spark could set that area on fire," he said.

Mr Zhelev called on the west to intervene militarily to stop the fighting and warned that if the conflict spread to Macedonia it would be difficult to prevent the involvement of Bulgaria, which has been without a government since Prime Minister Philip Dimitrov lost a confidence vote last week.

"We could not possibly stop the influx of refugees and this would provoke Bulgarians living on the border, most of whom have relatives in Macedonia, to take arms and go to the rescue," he said.

A Bulgarian team left for Frankfurt last night to continue talks over repayment of the country's \$10bn debt to 300 commercial banks led by Deutsche Bank. The resumption of partial interest payments in September opened the way for these negotiations which had been thrown into doubt by the government's resignation.

## Ilescu names Romanian PM

ROMANIA'S President Ion Ilescu yesterday named a little-known economist, 49-year-old Mr Nicolae Vacaroiu, as prime minister. Bucharest radio said, Reuter reports from Bucharest.

The appointment ended a five-week search for a new premier after inconclusive elections on September 27 produced a hung parliament with Mr Ilescu's party well short of a majority.



## Nuclear power. An umbrella against acid rain.

Mankind has increased natural levels of acid gases such as sulphur dioxide up to ten times over. It is believed that as a result there has been widespread damage to forests and lakes in Europe. Almost a quarter of Britain's most important wildlife sites have been degraded by acid rain. Is this relevant to nuclear power? Yes. Nuclear power stations do not add to the greenhouse effect or to acid rain. As someone who thinks about important issues, you may want to know more about the implications of nuclear power for the environment, as well as its role in a balanced energy policy. For a better understanding, please complete and post the coupon.

For a free information pack please post to the  Name   
British Nuclear Forum, 22 Buckingham Gate,  Address   
London SW1E 6LB. Or ring 0272 244750.  Postcode

come to nuclear power with an open mind

The Financial Times (Europe) Ltd  
Published by The Financial Times  
(Europe) GmbH, Frankfurt Branch,  
Nibelungenplatz 3, 6000  
Frankfurt-am-Main 1. Telephone 49 99  
150550; Fax 49 99 392441; Telex  
416193. Represented by: E. Hugel,  
Managing Director, Printer: DVM  
GmbH-Herrlich, Postfach 6672  
Neu-Isenburg 4. Responsible editor:  
Richard Lambert, Financial Times,  
Number One, Southwark, London  
SE1 9HL. The Financial Times  
Ltd, 1992.

Registered office: Number One,  
Southwark Bridge, London SE1 9HL.  
Company incorporated under the laws  
of England and Wales. Chairman:  
D.E.P. Palmer. Main shareholders: The  
Financial Times Ltd, The Financial  
Times Newspaper Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times Advertising Ltd, The Financial  
Times Circulation Ltd, The Financial  
Times Information Ltd, The Financial  
Times Media Ltd, The Financial  
Times Publishing Ltd, The Financial  
Times Printing Ltd, The Financial  
Times Distribution Ltd, The Financial  
Times



## French urge EC to fight 'bad' deal

By David Buchan in Paris

FRANCE'S farm minister, Mr Jean-Pierre Solson, yesterday urged the EC to "counter-retaliate" against US sanctions in the oilseeds dispute, and congratulated himself and his predecessors on standing firm against the "very bad" Gatt deal offered by the US.

Mr Solson told the French parliament "the firmness France has shown since 1985 has finally avoided an agreement which would have been very bad for our agriculture and our economy". The US demands were "as unacceptable to France as to the European Commission, Mr Ray MacSharry", he said.

In fact, the French government has privately disputed Mr MacSharry's claim that, except for the imposition of oilseeds, the EC could virtually meet the US-backed proposals of the Gatt secretariat for agricultural trade reform.

Brussels has contended that recent EC farm policy reforms would reduce European cereal exports by almost as much as Washington has been seeking.

"We don't see the changes in the common agricultural policy (CAP) producing a big reduction (in EC cereal exports) from the base period

of 1986-90 used by the US," one French official said.

Officials claim there were inaccuracies in the recent study by Insee, the French economic research institute, estimating CAP reform would cut EC cereal exports from over 30m tonnes in 1991-92 to less than 15m by 1996.

Insee researchers omitted both durum wheat and the grain-growing potential of the former East Germany in their calculations, officials complain.

In going into the final round of talks with the US, Mr MacSharry had been wrong to conclude the cereal issue was virtually settled, French officials say.

Equally, they contend CAP reform would probably produce little reduction in beef and milk product exports, and nothing at all so far in shipments of sugar, poultry and pork, products not yet touched by the CAP changes.

In opposing US demands, France claims to have the backing of several countries on various issues: Ireland on beef, Denmark on milk products, and Germany on cereal substitutes. For essentially political reasons, Spain's Prime Minister Felipe Gonzalez has said France could count on Spanish support in the Gatt talks.

## Trading system enters dangerous waters

Analysts fear Gatt talks could well be blown off course in next two months, writes David Dodwell



THE international trading system entered dangerous waters yesterday, though the failure of EC-US talks in Chicago on reform of subsidised farm trade contributes as strongly to the danger as the election in the US of a Democratic president with uncertain trade priorities.

If the Chicago talks had succeeded, officials both in the US and the EC felt optimistic that wider negotiations under the Uruguay Round on world trade liberalisation could at least be anchored, for President Clinton to take up once he takes office in January.

Failure in Chicago means a Clinton administration inherits no binding obligations from President Bush's trade negotiators; it is hard to believe he will reject the chance to impose his own (as yet barely defined) trade priorities on the long-delayed Round talks.

More immediately, failure means yesterday's meeting in Geneva of the US-country Gatt Council was asked by the US to sanction retaliation against the EC for its refusal to reform its oilseeds subsidy regime so as

to eliminate damage to US farmers, amounting to \$1bn (\$800m) a year.

The oilseeds row, rumbling on for more than five years, and the subject of two Gatt panel rulings in favour of the US, was apparently the single remaining obstacle in Chicago to a wider farm trade accord.

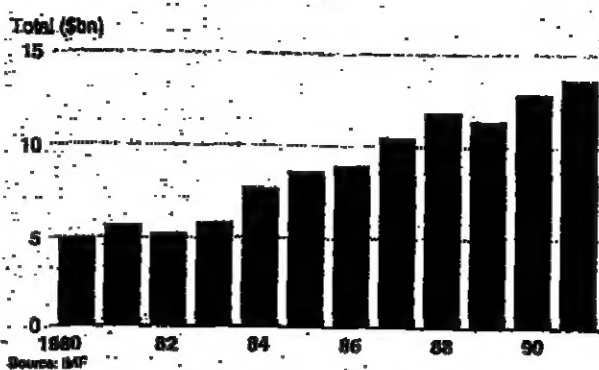
Why has the oilseeds dispute been so intractable? Is the US entitled to demand sanctions, as it did yesterday? How would sanctions affect EC farm exporters? Would the EC be entitled to retaliate? What would the danger be of this localised conflict escalating into a fully-fledged international trade war?

On the first of these questions, the dispute is at the heart of US frustration with the EC's fiercely protective, and trade-distorting, farm subsidy regime. Significantly, US complaints have been backed by Argentina, Australia, Brazil and Canada, all significant oilseeds exporters.

The EC, wrestling with powerful internal resistance to reform of the subsidy regime, is refusing to brook external interference in its reform plans, finalised in a Common Agriculture Policy package pushed into EC law in July.

But there is little question the US demands are legitimate.

French exports to US



Source: IMF

Gatt dispute panel rulings in January 1990 and March this year found in favour of the US, and urged the EC to "act expeditiously" to eliminate the damage being done to US oilseed exporters. US negotiators argue the EC has since then shown no sign of acting in any way expeditiously.

On this basis, Mr Rufus Yerxa, US ambassador to Gatt, urged countries represented at yesterday's Gatt Council to "authorise the US to suspend the application to the European Community of concessions under the General Agreement in the amount of \$1bn."

He said yesterday the US intended for the time being to target "less than the full

annual amount of the \$1bn", and would delay action for 30 days, hoping the EC would meanwhile agree with the US a "mutually satisfactory resolution".

Noting the dangers involved in the US taking unprecedented action against a Gatt contracting party, Gatt observers were relieved yesterday that the US had chosen to move with caution.

By keeping the dispute inside Gatt, the US has stopped erosion of Gatt's authority as the supreme arbitrator in international trade disputes. By seeking support from the Gatt Council for action, it reduced the danger of action being seen as unduly inflammatory, and eliminated any grounds on

which the EC could legitimately counter-retaliate. Mrs Carla Hills, US Trade Representative, has insisted that if GATT rules are to mean anything at all, the EC must get permission from Gatt to counter-retaliate, and that they have no grounds to get it.

At present, it is not possible to gauge how damaging to EC farm exporters US retaliation would be. Total EC farm exports to the US amounted last year to around \$4bn. In the US administration, it has been agreed to aim a first "tranche" of sanctions (prohibitive tariffs on roughly \$300m-\$350m worth of products) against the French, who are seen as the primary cause of the row, and the Germans, viewed as aiding and abetting them. The detailed list has been kept under wraps so far, but targeted goods are likely to be wines and liquors such as cognac (though Scotch whisky has been left off the list), cheeses, and cereals.

The EC has repeatedly warned it would be forced to counter-retaliate if the US imposed sanctions. Officials say they have drawn up a list of targeted products, but have released no details. Dangers involved in the EC retaliating are great, since if it moved without Gatt sanction, it could

trigger the much-feared escalation into trade war. Other disputes that could quickly become the focus of sanctions involve steel, cereals, timber, salmon and beef.

"The EC should think extremely carefully before making any precipitate move," one Geneva-based observer said yesterday. "It would push us hard down the slippery slope towards trade war."

Escalation would be doubly dangerous at a time of political transition in the US, when great uncertainty exists over the trade priorities of President Clinton when he assumes power in January. Among the few trade signals Mr Clinton has given have been hints he could be much more assertive, and potentially protectionist, than his predecessor. Whether this proves to be the case or not, trading partners would arguably be rash to inflame international trade relations during the hiatus between administrations in the US.

"The Uruguay Round is drifting rudderless for the next two months," one analyst said. "It will almost certainly be blown off course during that time, and it would be rash of the EC at the same time to blow the oilseeds row up into a storm." See Editorial comment; Clinton view on Gatt, Page 8

## Major in push to save talks

By Our Foreign Staff

MR John Major, UK prime minister, said yesterday he had contacted US and EC officials in an attempt to end their dispute over farm produce, but declined to comment on prospects for a resumption of talks until he had heard a report from Mr John Gummer, agriculture minister.

Mr Gummer, present at the failed EC-US talks in Chicago, urged parties to the Gatt talks to get back round the negotiating table because there was a "deal in sight", despite the threat of a trade war between Europe and the US.

Calling the prospect of punitive tariffs "a disaster", he said: "I hope we can get back to the table. It ought not to be like this between friendly nations." Blaming the faltering negotiations on the US, he added: "I said some time ago we had a mile to go and had to go half a mile each. The Community went more than its half mile. It seemed to turn out in the end that the US negotiator didn't have any flexibility and remained unmoved on the crucial issues."

Mr Major said he "had a number of conversations with members of the EC and the Commission, and also with the US." He had spoken twice on Tuesday, US election day, to President George Bush's campaign manager and Mr James Baker, former secretary of state. Mr Major said Mr Gummer would report to him on why talks had broken down.

Earlier, a senior official expressed pessimism that the row over farm subsidies and oilseed production, which is stalling completion of the current round of Gatt world trade talks, could be resolved quickly. The UK government regretted the collapse of the latest round; little hope existed for an early agreement, he added. Asked about prospects for renewed talks and eventual agreement, he replied: "We'll have to wait and see."

## US farm groups stand firm

By Nancy Dunne

US farm groups yesterday were anxious about the potential trade war with the EC but remained determined in their support for sanctions against European products.

They have been urging Washington to take action since 1985 when EC subsidies began to hit their exports. The EC was then their best market, accounting for half of US oilseeds exports.

In the view of most farm lobbyists, if the Reagan and Bush administrations were at fault, it was for taking the word of EC officials that their differences would be resolved "next year" then the year after that, until finally it became clear delay would bring no solutions.

The US has now won two rulings by a Gatt dispute settlement panel. Both times the panel agreed EC subsidies to its oilseeds industry "impaired" a 1982 agreement to keep the EC oilseeds market open to foreign producers.

The market was never closed, but US producers, who receive the world price for their soybeans (now \$530-\$540 a bushel) were competing against EC producers who could undercut their price.

The subsidies made oilseeds output so lucrative that it soared to an estimated 15m tonnes.

The American Soya Bean Association, which brought the case to Gatt, was seeking an agreement which would roll back production to the 1986-1987 level of 7m-8m tonnes. It rejected an EC offer which might have reduced output to 9.5m tonnes.

"Sanctions are our last resort," a National Sunflower Association spokesman said. "We feel we have no choice."

Between 1976 and 1986, the US exported about 2m tonnes a year of sunflower seeds to the EC. That market has totally disappeared.

EC farmers, said Mr Craig Weir, of the ASA, "have been living in a dream world."

## Bad timing and stark decisions in Chicago

By Laurie Morse in Chicago

WHEN farm trade ministers from the US and EC abandoned efforts to solve their farm subsidy dispute, they knew the world had moved closer to a trade war.

However, they were almost alone in their knowledge. The television crews had already begun to focus on the imminent Bill Clinton presidential victory and the UK's Maastricht vote the following day. Few noticed the lines for a trade war had been drawn.

For six years, negotiators have tried to complete a trade package to open markets and inspire global growth. The broader Gatt talks have stalled over a row between US and EC oilseed producers about subsidies. World trade in the 1990s, it seems, hangs on the soybean.

The curious timing of the Chicago talks, stretching over the three days before the US elections and the Maastricht vote in the UK, seemed to put unusual pressure on the negotiators to achieve a resolution and deliver a boost to their fading governments.

In the end, the timing proved unfortunate. The US envoy's negotiating power ran out with Mr George Bush's projected defeat at the polls. Mr Bush was notified of the failure of the Chicago talks only hours before he conceded his Presidency. As he spoke on live television, his chief trade representative, Mrs Carla Hills, was reviewing her list of possible sanctions against the EC.

Champagne, flowing at many a Clinton victory celebration last night, is expected to be among the first commodities to be sacrificed to a trade war.

## SILVER STANDARD



Business travellers who pay  
full standard fare, can  
now migrate to a carriage  
of their own.



With your own steward, a complimentary tea or coffee, pastry or biscuits at your seat (reserved free), a journey in Silver Standard will simply fly. **INTERCITY**

For further details on Silver Standard call 081 200 0200.



## NEWS: INTERNATIONAL

## Keating seeks new deal over pay TV

By Kevin Brown in Sydney

AUSTRALIA'S Labor government was yesterday preparing fresh legislation for the introduction of subscription television after compromise proposals received approval from government MPs.

The proposals are the latest attempt by Mr Paul Keating, the prime minister, to meet the demands of existing media groups, potential new entrants and the government-owned Australian Broadcasting Commission (ABC).

However, the opposition parties which control the Senate, the upper house of parliament, responded coolly to the proposals.

The conservative Liberal/National Party coalition and left-wing Australian Democrats combined to reject an earlier bill because of concern that it would allow existing broadcasters to dominate subscription services at the expense of new entrants and the ABC.

The latest proposals attempt to meet these criticisms by providing two separate four-channel commercial licences, one reserved for new entrants, plus a two-channel licence and A\$12.5m (\$5.4m) start-up funds for the ABC.

Mr Keating told Labor MPs that Optus, the private telecommunications carrier which owns the satellites to be used for subscription TV, would use newly developed digital compression technology rather than the widely used analogue broadcasting system.

The bill will also provide protection for Australian equipment manufacturers, and limit foreign investment, probably to a maximum of 35 per cent of each commercial licence, with a 20 per cent limit on individual holdings.



Bombay stock brokers yesterday welcome members of India's joint parliamentary committee investigating the securities scandal

## GRINDLAYS PAYS Rs5bn IN BOMBAY ARBITRATION PACT

ANZ Grindlays Bank, the Australian-owned group involved in the Bombay securities scandal, has paid Rs5.06bn (\$116m) to National Housing Bank (NHB), a central bank subsidiary, against seven disputed cheques in a package deal to refer the disputed transactions for arbitration, R C Murthy reports from Bombay.

Grindlays held out for more than a month from complying with a directive of

Reserve Bank of India, the central bank, to pay the money to NHB, which claimed Grindlays wrongly credited these seven cheques to the account of Mr Harshad Mehta, the broker involved in the Rs35bn securities scandal.

The Australian bank had, however, honoured in May an earlier Reserve Bank directive to make a provision for the Rs5.06bn by bringing funds into India.

Last month, Grindlays admitted at the

hearings of a special committee of MPs to the breach of central bank regulations on forward trading in non-government securities.

The securities scandal, India's worst, led to the liquidation of two small banks and losses for financial institutions. The deal envisages a panel of three arbitrators acceptable to both parties; and its verdict on the dispute would also be binding on both.

## Japan sees jump in trade surplus

By Charles Leadbeater in Tokyo

JAPAN'S current account surplus increased by 50 per cent in the first six months of the financial year to stand at \$37.6bn, (\$35.3bn) according to figures published yesterday by the finance ministry.

Japanese government officials argue that the sharp rise in the value of the surplus is mainly accounted for by price rises reflecting the strengthening of the yen and manufacturers shifting to more up-market products.

However, they remain concerned that the rapid growth of the current account surplus could generate political pressure in Europe and the US to curb Japanese export growth.

The trade balance for the six months to September rose by 29 per cent to \$66.2bn compared to the first half of last year, with a 10 per cent growth in exports to \$183.9bn far outstripping a 0.3 per cent growth in imports to \$97.6bn.

There was also a sharp turnaround in Japan's net exports of capital.

In the first half of last year there was a net inflow of long-term capital into Japan of \$35.7bn, as Japan's banks retreated from international commitments.

However, in the six months to this September there was a net long-term capital outflow of \$22bn.

Japan's current account surplus in September expanded by 34 per cent from the year before to \$12bn, with exports up 14.3 per cent at \$305bn and imports 7.1 per cent higher at \$176bn.

## Damascus raises curtain to local boom

THE WELL-SWEPT streets of Damascus are lined with colonnades of cement pipes for the city's new sewage system. Shops are filled with imported goods and residents of the city travel to work in luxurious mini-buses.

Applications for foreign investment projects flow into the prime minister's office. Salaries are still low, power cuts are frequent and the telephones will not work efficiently until Siemens completes installation of 100,000 lines financed by Kuwait and Qatar. But Damascus has almost stopped grumbling.

The economic liberalisation that began in the late 1980s, the gratitude of Gulf countries for Syria's participation in the anti-Iraq coalition, increased oil output and a 1991 investment law have all contributed to the improvement.

Over the past three years, annual inflation has decreased from 35 per cent to 12 per cent. For years, consumer goods were smuggled from Lebanon into Syria; now the trade is reversed. And Syrian enthusiasm for shares in new companies rivals that of the Chinese.

Dr Mohamed al-Imadi, the Syrian economy and foreign trade minister for 14 of the past 20 years, is one of the engineers of Syria's reforms. Dr Imadi cites unification of exchange rates, the easing of price controls, encouragement of new investment and lower government spending as causes for the improvement.

Syria once had 10 different exchange rates; now the country plans to move from two to a single, floating exchange rate by 1994. Syria's GNP has grown an average 24 per cent each year since 1985, while the public sector's share in the economy has decreased from 45.4 per cent to 38.7 per cent.

But liberalisation has been a slow process. "We had to change our mentality, to let people import whatever they wanted to, to stop state monopolies," Dr Imadi said.

Reform began in the agricultural sector, which accounts for close to 30 per cent of Syria's economy. A cautious 1986 law established several agricultural joint ventures. Farmers were later allowed to import equipment previously subject to state monopoly. "In the past two to three years, about 40,000 tractors and agricultural machines have been bought by private individuals - that's more than the total in the whole country before," Dr Imadi said.

The most dramatic step was last year's investment law. Mr

Mohamed Taghlibi, the director of the prime minister's investment office created by the law, says that 629 projects have been approved in the past 15 months, representing a total of \$79.5bn (\$2.5bn) in investment and generating 42,000 jobs. Investors enjoy a tax holiday of up to 10 years, freedom to import equipment duty-free and repatriate profits in hard currency.

Lara Marlowe on the flow of investment that has followed reform

The law sought an estimated \$75bn held by expatriate Syrians abroad, but investors include British and Italian poultry producers, Saudi and UAE owners of transport companies, a Saudi shipping company, and Russian manufacturers of furniture and drilling equipment. General Motors of the US is discussing a pick-up truck assembly plant.

Large industrial projects must build their own generating plants while the government expanded the national grid in hopes of doubling electricity production by 1996. About 600bn cubic meters in natural gas reserves will help: electricity stations, factories and oil refineries are to be converted from fuel oil to natural gas over the next five years, freeing up to 150,000 barrels a day of Syrian oil for export.

Oil production, a major hard currency earner, rose to more than 500,000 b/d this year, of which 200,000 b/d are consumed domestically.

Syrian officials insist all Gulf funding has gone to project finance. "The Gulf war got things moving," said Mr Taghlibi. Saudi Arabia is financing the \$500m steel mill at al-Zara near Homs and several textile factories. Kuwait and Abu Dhabi are financing cotton spinning mills, cement factories and irrigation projects, and the Arab Fund is building a power station and two dams.

Many Syrians are now asking whether economic liberalisation may also bring political freedoms. The inner workings of the regime remain mysterious and the secret police still wield great power. Syrian media remain firmly under government control and foreign publications are censored. Amnesty International believes several thousand political prisoners continue to be held in Syrian jails.

As economic prospects brighten, political stability depends on 62-year-old President Hafez al-Assad's grip on power.

## Prosecution drops witness in Collor trial

By Christina Lamb in Rio de Janeiro

IN the latest twist in the saga of Brazil's suspended President Fernando Collor, the prosecution in his impeachment trial yesterday withdrew a key witness, intimating that it suspected a deal had been reached between the two men.

The testimony of Mr Paulo Cesar Farias, the alleged front man in the multimillion dollar corruption scam which brought down Mr Collor, had been expected to be crucial to the Senate hearings.

Mr Farias had been expected to turn on his friend and former boss as revenge for Mr Collor's defence, which pins all

blame on his shoulders. Tension was high in the Senate yesterday before his scheduled appearance since his brother Augusto had told reporters that his revelations "would rock the court".

"We think it is in Brazil's interest to accelerate this process and we do not think it will benefit the country to be sub-

ject to more spectacular allegations or to give credence to the chief of a crime racket," Mr Evandro Lins e Silva explained for the prosecution.

Mr Collor's lawyers said they would not call Mr Farias to testify for the defence. "It's too much of a risk," said Mr Evaristo de Moraes, "we don't know if he'll tell the truth".

## US agency urges more Boeing 747 inspections

By Nikki Tait in New York

MORE thorough inspections of Boeing 747 aircraft in the wake of last month's crash of an El Al jet in Amsterdam are being strongly urged by the National Transportation Safety Board, the independent federal agency that investigates aviation accidents in the US.

The US Federal Aviation Administration, responsible for airline safety standards, has already issued a directive, ordering carriers to inspect engine fuse pins made before 1981 after every 500 landings. The FAA has also demanded

increased inspections of engine pins - which help to attach the engine to the wing of the aircraft - made after 1981.

However, in a letter to the FAA, the NTSB suggests checks should be even tougher. It recommends inspections after every 100 landings, and that inspection requirements for pins made after 1981 should be stepped up.

Yesterday the FAA said the NTSB's suggestions were being given "priority consideration". Under US law, the FAA has 90 days to accept or reject the recommendations, or put forward an alternative.

## Rawlings heads for victory

GHANA'S military leader, Flight-Lt Jerry Rawlings, was winning a majority in returns yesterday from the country's first presidential elections in 13 years, AP reports from Accra.

The returns showed the 46-year-old former fighter pilot with 53 per cent, enough to avoid a run-off in three weeks with his leading challenger, Prof Albert Adu Boahen.

Local authorities have declared an overnight curfew in the central town of Kumasi after opposition supporters rioted in protest against election results.

## Lloyds Bank Interest Rates

With effect from 6 November 1992 the following rates of interest will apply:

## Business Overdrafts

Band	Monthly Rate	Eqv. Annual Rate
A†	1.09%	13.08%
B	1.00%	12.00%
C	0.92%	11.04%

## Business Loans

Band	Monthly Rate	Eqv. Annual Rate
Standard**	1.10%	13.20%
Small Business Loan***	1.10%	13.20% (APR 14.0%)*

## Business Mortgages

Band	Monthly Rate	Eqv. Annual Rate
A	1.10%	13.20%
B and C	1.00%	12.00%

## Overdrafts for Personal Customers

	MONTHLY RATE	APR*
Gold Service, Students, Asset Management Service and Lloyds Private Banking Visa	1.05%	13.3%
Classic, Current Account Standard,†† High Interest Cheque Account Standard	1.65%	21.6%
Current Account Preferential†† and Special,†† High Interest Cheque Account Preferential and American Express††	1.25%	16.0%

## Bridging Loans

	MONTHLY RATE	APR*
Standard	1.20%	15.3%

\* Standard and A Bands have been merged.  
†† This rate will also be applied by Lloyds Private Banking Limited.  
\* The APR does not take into account any additional charges (eg arrangement fees/recorded charges/ monthly fees) which may be applicable.  
\*\*\* Also applies to Farm Business Loans. \*\*\*\* Also applies to Farm Small Business Loans.



Lloyds Bank

THE THOROUGHbred BANK.

Lloyds Bank Plc, 71 Lombard Street, London EC3P 3BS.

## CONTRACTS AND TENDERS

## STRUCTURAL ADJUSTMENT LOAN

## GENERAL PROCUREMENT NOTICE

Loan Number 3431-RO

The Government of Romania has received a loan from the World Bank in various currencies equivalent to US\$400 million to assist a programme of reforms, objectives and policies designed to achieve structural adjustment of the economy. The funds would be used to finance the procurement of various important goods in accordance with the World Bank's Procurement Guidelines.

At present and among other things, it is intended to procure with the proceeds of this loan a substantial amount of fuel oil and gas.

Please interested in participating in international competitive bidding for supplying these commodities are invited to register their interest by writing to:

## PETROLEXPORIMPORT S.A.

1-3 Magheru Blvd.  
Bucharest, Romania  
Phone (40-0) 13.30.45  
Fax (40-0) 15.65.50  
Telex 11519 Petex R  
Cable: Petrolexpimport S.A.

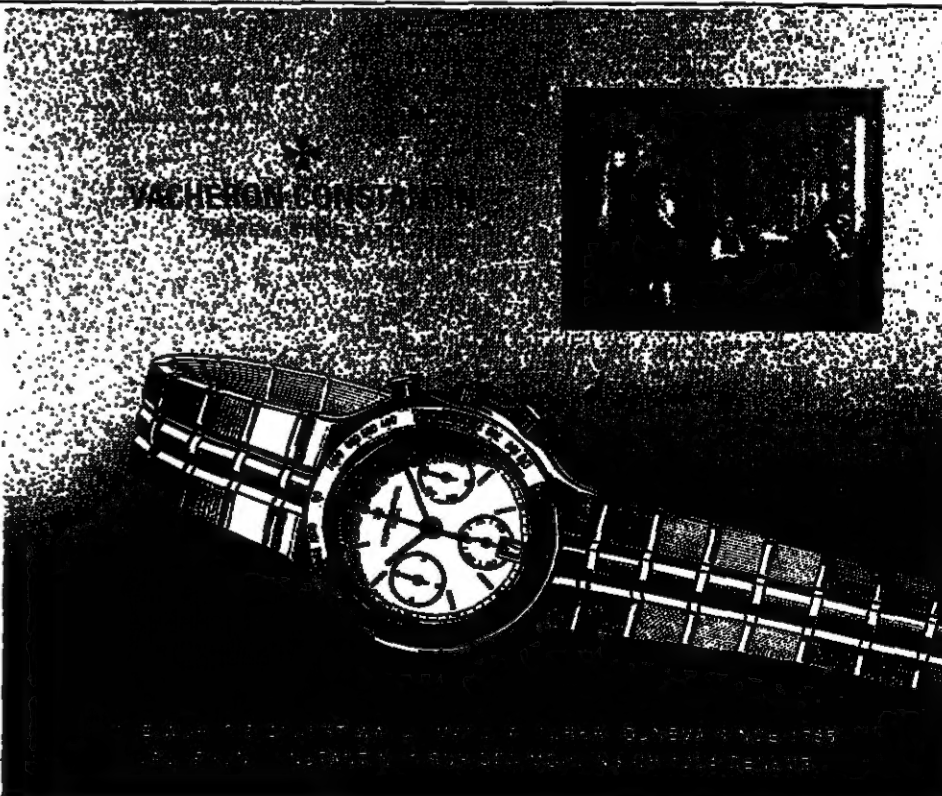
## LEGAL NOTICES

**MONTEVERDI ONYX LIMITED (IN VOLUNTARY LIQUIDATION)**  
NOTICE IS HEREBY GIVEN pursuant to Section 105 of the Insolvency Act 1986 that a General Meeting of the Members of the above named Company will be held at the offices of Higgs & Company, Chartered Accountants, 49 Queen Victoria Street, London EC4N 4EA, on 9th December 1992 at 2.30 p.m. to be followed at 2.45 p.m. at a General Meeting of the Creditors for the purpose of resolving on account of the Liquidator's report and dealing with the conduct of the winding-up for the preceding year.  
Dated the 28th day of October 1992  
S K Single  
Liquidator

**NOTICE OF Appointment of Administrative Receiver**  
**LIFTING GEAR PRODUCTS (ENGINEERING) LIMITED**  
Registered number: 561779. Trading Name: Lifting Gear Products (Engineering). Trade Description: Lifting Gear. Name and Address of Joint Administrative Receiver: David John Stokes and Michael Joseph Moore, Cribbs Giffy, 1 Red Bank, Sheffield S1 2ET. Date of appointment: 28 October 1992. Office holder Number: 2062 and 5565. Name of Appointer: National Westminster Bank PLC.  
Signed D J Stokes  
Dated: 28/10/92

**THE YORKSHIRE ROSE RESTAURANT LIMITED (IN VOLUNTARY LIQUIDATION)**  
NOTICE IS HEREBY GIVEN pursuant to Section 105 of the Insolvency Act 1986 that a General Meeting of the Members of the above named Company will be held at the offices of Higgs & Company, Chartered Accountants, 49 Queen Victoria Street, London EC4N 4EA, on 3rd December 1992 at 3.00 p.m. to be followed at 3.15 p.m. at a General Meeting of the Creditors for the purpose of resolving on account of the Liquidator's report and dealing with the conduct of the winding-up for the preceding year.  
Dated the 28th day of October 1992  
S K Single  
Liquidator

**NOTICE OF Appointment of Administrative Receiver**  
**NOTICE IS HEREBY GIVEN** pursuant to Section 105 of the Insolvency Act 1986 that a General Meeting of the Members of the above named Company will be held at the offices of Higgs & Company, Chartered Accountants, 49 Queen Victoria Street, London EC4N 4EA, on 3rd December 1992 at 2.30 p.m. to be followed at 2.45 p.m. at a General Meeting of the Creditors for the purpose of resolving on account of the Liquidator's report and dealing with the conduct of the winding-up for the preceding year.  
Dated the 28th day of October 1992  
S K Single  
Liquidator



## Going to Japan?

The following Tokyo hotels offer you the FT at your breakfast table on the day of issue, eight hours ahead of London.

ANA HOTEL  
AKASAKA PRINCE  
CAPITOL TOKYU  
CENTURY HYATT  
DAI - ICHI HOTEL ANNEX  
HOTEL OKURA  
IMPERIAL HOTEL  
NEW OTANI  
PALACE HOTEL  
ROYAL PARK  
TOKYO HILTON

FINANCIAL TIMES



Weil sich die Welt verändert,  
verändert sich die Welt.

## Frühstück mit Dow Jones.

Aktienkurse, Devisen, Wall Street Notierungen aktuell in der Welt. Wirtschaftsdaten kompakt und übersichtlich. Weil bei einer zeitgemäßen Zeitung auch die Informationsaufnahme wirtschaftlich sein muß. Die neue Welt. Schneller, übersichtlicher, kompakter. Entdecken Sie die neue Welt. Mit einem kostenlosen Probe-Abonnement. **DIE WELT** Die Zeitung von heute. 12 Tage lang. Rufen Sie an: 0130/3839.





## US ELECTION: THE RESULTS

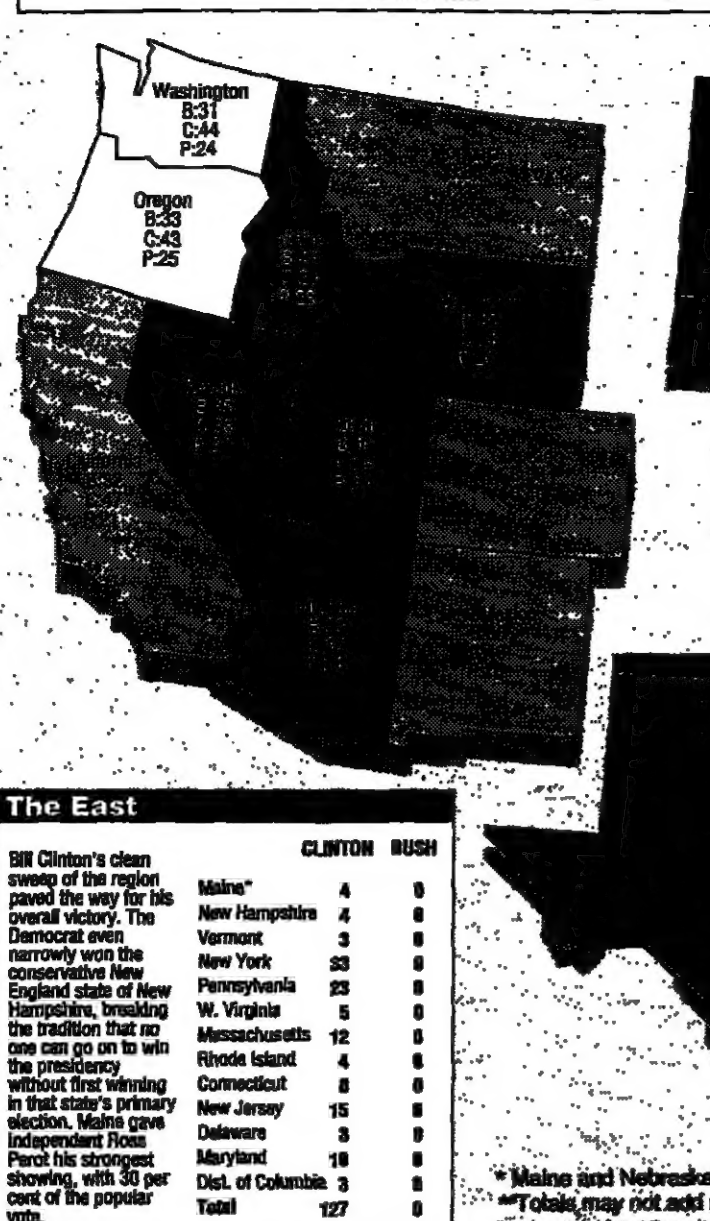
## Clinton's electoral romp past Bush

The West	
President Bush held on to the Republican strongholds of Kansas and Indiana, as well as the wide-open plains of the Dakotas and Nebraska. But Governor Clinton took all the crucial battlegrounds of Illinois, Michigan and Ohio, in addition to the more Democratic states of Minnesota, Wisconsin and Iowa. Mr Perot reached 24 per cent in both Minnesota and Nebraska.	
Electoral college votes	CLINTON BUSH
Washington	11 0
Oregon	7 0
California	54 0
Idaho	0 4
Nevada	4 0
Utah	0 5
Arizona	0 5
Montana	3 0
Wyoming	0 3
Colorado	5 0
New Mexico	5 0
<b>Total</b>	<b>82 20</b>

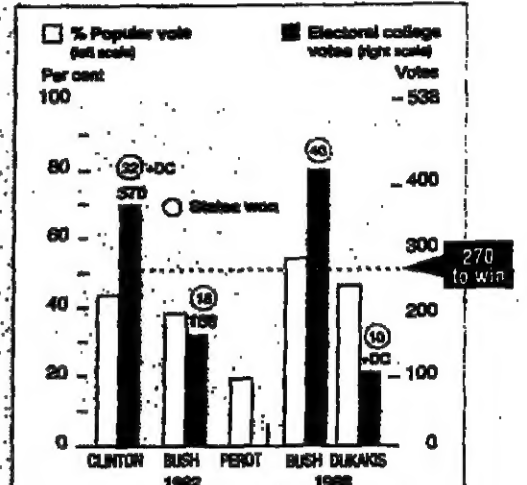
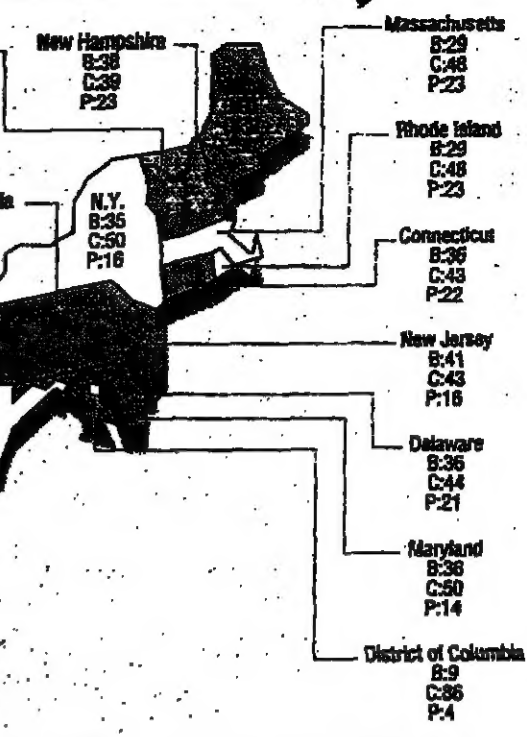
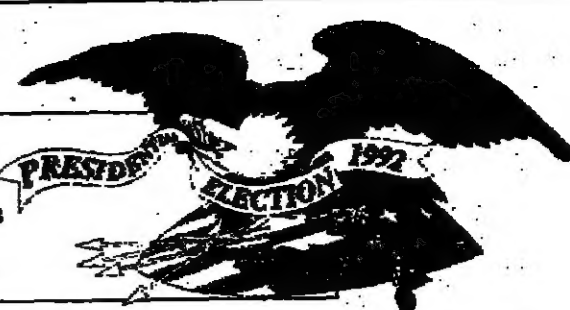
The South	
The region again voted for George Bush, but not as the solid Republican bloc of recent presidential elections. Mr Bush finally held on to Florida and Texas, and edged out his challenger in North Carolina. But the all-southern Clinton-Gore ticket took its home states of Arkansas and Tennessee, as well as Kentucky, Louisiana and, by a whisker, Georgia.	
Electoral college votes	CLINTON BUSH
Oklahoma	0 8
Texas	0 32
Arkansas	0 6
Louisiana	0 0
Kentucky	0 0
Tennessee	11 0
Mississippi	0 7
Alabama	0 9
Virginia	0 13
N. Carolina	0 14
S. Carolina	0 8
Georgia	13 0
Florida	0 25
<b>Total</b>	<b>47 110</b>

The Midwest	
President Bush held on to the Republican strongholds of Kansas and Indiana, as well as the wide-open plains of the Dakotas and Nebraska. But Governor Clinton took all the crucial battlegrounds of Illinois, Michigan and Ohio, in addition to the more Democratic states of Minnesota, Wisconsin and Iowa. Mr Perot reached 24 per cent in both Minnesota and Nebraska.	
Electoral college votes	CLINTON BUSH
N. Dakota	0 3
S. Dakota	0 3
Nebraska	0 5
Minnesota	10 0
Iowa	7 0
Missouri	11 0
Wisconsin	11 0
Illinois	22 0
Michigan	16 0
Indiana	0 12
Ohio	21 0
<b>Total</b>	<b>100 20</b>

The East	
Clinton's clean sweep of the region paved the way for his overall victory. The Democrat even narrowly won the conservative New England state of New Hampshire, breaking the tradition that no one can go on to win the presidency without first winning in that state's primary election. Maine gave independent Ross Perot his strongest showing, with 30 per cent of the popular vote.	
Electoral college votes	CLINTON BUSH
Maine	4 0
New Hampshire	4 0
Vermont	3 0
New York	33 0
Pennsylvania	23 0
W. Virginia	5 0
Massachusetts	12 0
Rhode Island	4 0
Connecticut	4 0
New Jersey	15 0
Delaware	3 0
Maryland	10 0
District of Columbia	3 0
<b>Total</b>	<b>127 0</b>



Percentage of popular vote**	
STATE	
Bush: %	
Clinton: %	
Perot: %	



## Congress incumbents hang on but many terms are limited

By George Graham  
in Washington

ASK American voters what they think of Congress members in general and they will boo; ask them what they think about their own member in particular and they will cheer. Campaign strategists and political pundits agreed that this conventional wisdom would be turned on its head this year by a wave of anger against incumbents.

In fact, incumbents fought back, often against damaging personal accusations and strong challenges, to win re-election. Voters still booed incumbents in general, by voting overwhelmingly to limit the number of terms that can be served by elected officials in each of 14 states that had such

a proposition on the ballot. But, for the most part, they cheered their own representatives, re-electing most of the incumbents who had seemed at risk.

Many members of Congress saw their electoral majorities reduced, and two dozen incumbents were defeated in the House of Representatives — a substantial figure, but a far cry from the dire predictions.

Prominent victims included Mr Richard Ray of Georgia's third Congressional district, an important voice on defence issues, and Mr Thomas Downey of New York, a member of the House Ways and Means committee who, only 43, had served 18 years in the House and built a reputation as a substantial author of legislation.

Public outrage over the

abuse of the generous over-draft facilities for members by the House's private bank continued to wreak havoc. Among the victims were Mr Mary Rose Oaker and Mr Bob McEwen, both of Ohio, while Mr Nicholas Mavroules in Massachusetts and Mr Albert Bustamante in Texas were laid low by broader accusations of financial misdeeds.

In the Senate, North Carolina voters were deterred from re-electing Mr Terry Sanford by his recent heart surgery, while Wisconsin's electorate spurned Senator Bob Kasten in favour of Mr Russ Feingold. Mr John Seymour, as expected, failed to hold the Senate seat to which Mr Pete Wilson appointed him when he himself left the Senate to become governor of California.

Yet endangered incumbents from both parties, such as Republican Newt Gingrich in Georgia and Democrat Romano Mazzoli in Kentucky shook off their challengers.

None of the senior House leaders who had been tipped as possible upsets, such as Speaker Tom Foley, Ways and Means committee chairman Dan Rostenkowski, or Armed Services committee chairman Les Aspin, was defeated.

In the upper chamber, too, Senator John Glenn survived in Ohio, although his involvement with Mr Charles Keating, head of a collapsed savings and loan body, stripped him of some of his space hero's aura.

The new House of Representatives is expected to have 105 new members, nearly a quarter of its 435 total. The 100-member Senate, which elects a third of its members for six-year terms in every two-year election, will see 11 new members.

Overall, the Congress will wear a different face, with greatly increased representation for women, Hispanics and African-Americans.

This is particularly true for the Senate. Ms Barbara Mikulski, one of only two women in the Senate, easily won re-election in Maryland. She will be joined by two newly elected Democratic women from California — Ms Dianne Feinstein and Ms Barbara Boxer — as well as by Ms Patty Murray from Washington state and Ms Carol Moseley Braun from Illinois. Ms Braun will be the first black woman US senator.

For all this change, and despite the election of a Democrat to the White House for the first time in 12 years, the new Congress may be prone to the gridlock that agitated voters during the campaign.

The Democrats will retain solid control of the House. With a few seats still outstanding, their majority was expected to shrink to from 286 to 259, with Republican representation growing from 166 to 175. There is also one independent, Mr Bernard Sanders, the socialist member for Vermont.

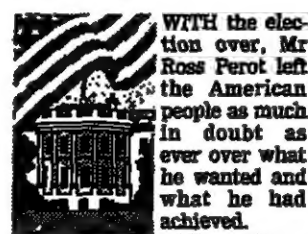
In the Senate, the Democrats have, so far, a net gain of one seat. That could be negated, however, for Senator Wyche Fowler of Georgia narrowly failed to win an outright majority, and must proceed to a runoff against Mr Paul Coverdell.

In any event, the Democrats have failed to achieve the 60-member majority needed to override filibusters. This failure could put a brake on their ability to push through a sweeping legislative agenda.

Democrats won eight of the 12 governorships up for election on Tuesday, picking up North Carolina, Missouri and Delaware from the Republicans, but losing North Dakota.

## Waiting for Perot to plot path

George Graham finds the independent's value still unproven



WITH the election over, Mr Ross Perot left the American people as much in doubt as ever over what he wanted and what he had achieved.

The Texas billionaire's 19m votes — almost exactly 19 per cent of the total cast in the presidential contest — were not enough to win him a single vote in the electoral college, but enough to erase the label of "outlier" that had stung him after he temporarily withdrew from the election in July.

Mr Perot won more than a quarter of the vote in the western mountain states, and pushed Governor Bill Clinton into third place in Utah. In

Maine, he came third with 30 per cent, one percentage point behind President George Bush.

The tally left unanswered questions: Was Mr Perot the voice for a fleeting anger at the system, or for a deeper set of concerns? Were his supporters driven by his message or lured by his homespun wisecracks? Will he press on with his campaign? Will his movement fall apart if he does not?

In conceding victory to Mr Clinton on Tuesday night, Mr Perot seemed to promise to keep up the fight.

"Is this the end or just the beginning? Stay together and you'll be a force for good for our country and our children. We'll keep it intact," he told his supporters at an election-night party in Dallas.

Yesterday morning, however, his son appeared to presage

more of a withdrawal — somewhat along the lines of his two-month absence from the presidential campaign this summer — while he waited to see how the new Clinton administration was performing.

"He said he hopes President Clinton would get these problems fixed and there wouldn't be a reason for Ross Perot in [the election of] 1996. If he has to become active again to fix problems, he'll do it, but every year is different. We'll just have to wait and see," Mr Ross Perot Jr said.

There is clearly a constituency for a leader or group of leaders focused on the issue that was at the centre of Mr Perot's campaign: the fast-growing federal budget deficit.

Two former senators from New England — Republican Mr Warren Rudman, co-author of

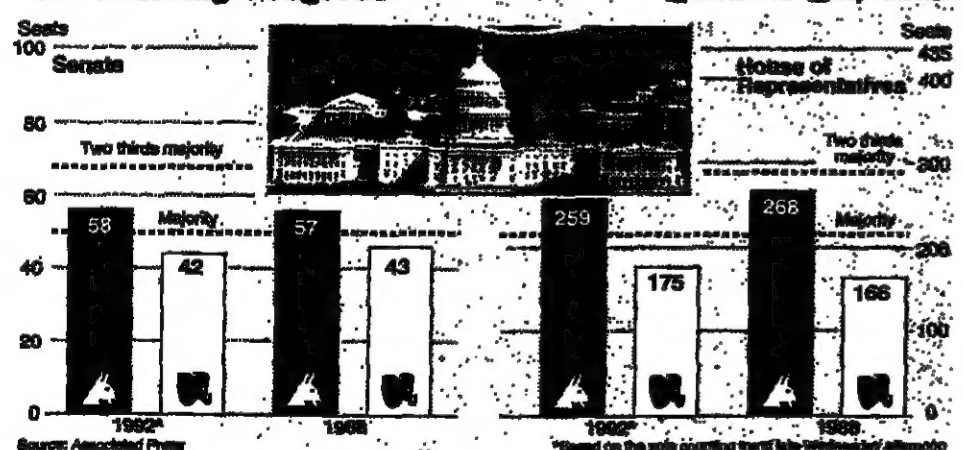
the Gramm-Rudman-Hollings deficit limitation law, and Democrat Mr Paul Tsongas, candidate for his party's presidential nomination this spring — have launched a group which will concentrate on the deficit issue.

Neither man has a quarter of Mr Perot's personal electricity, but neither has his delusions — and each has four times his perseverance.

Some see Mr Perot lending a hand to the new Clinton administration on some ad hoc task force — possibly in education, his main area of concern after the deficit.

But he could be destined to follow the path of the black Democrat Mr Jesse Jackson, a permanent outsider with a devoted following whose role in US political life is to criticise, not to do.

## The incoming Congress



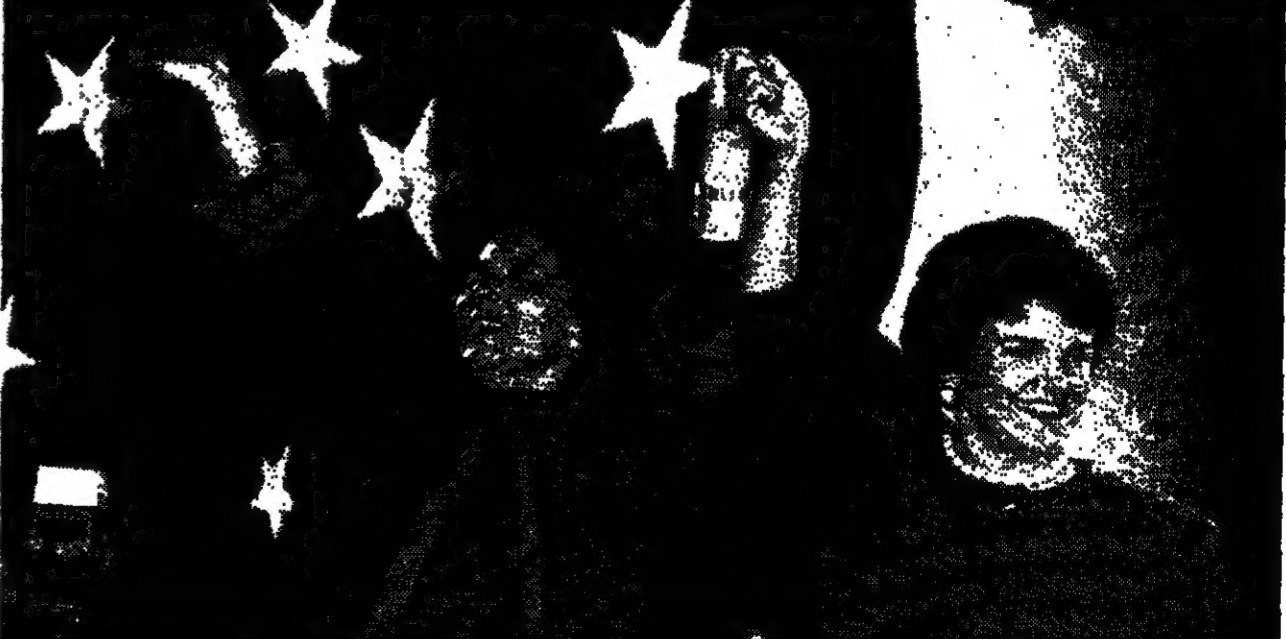
## KEY WINNERS AND LOSERS IN THE HOUSE

By congressional district

- Alabama 6: Democratic incumbent Ben Enright was badly hurt by redistricting but did better than expected, losing 53 per cent to 47 per cent to Republican Spencer Bachus.
- California 3: Redistricting cut Democrat Vic Fazio's majority to 51 per cent, his lowest in 8 elections, but he averted a stiff challenge from an anti-gun control Republican.
- California 42: George Brown has rarely had an easy election, but the chairman of the House science and technology committee survived the damage caused by House bank overdrafts.
- Georgia 3: Republican state legislator Mac Collins ousted incumbent Richard Ray, who lost much of his old constituents when the district map was redrawn.
- Georgia 6: Outspoken Republican Newt Gingrich, top of the Democrats' hit list, survived redistricting, bank overdrafts and a venomous campaign.
- Iowa 2: Redistricting forced two incumbents into the same election, and Republican Jim Nussle edged out Democrat Dave Nagle by just 3,390 votes.
- Maine 2: Republican Olympia Snowe recovered to beat Democrat Patrick McGowan for the second time, helped by a

- Green candidate drawing votes from her opponent.
- Maryland 1: Redistricting created an incumbent versus incumbent race, but Republican Wayne Gilchrest got the better of Democrat Tom McMillen.
- Massachusetts 3: Incumbent Joe Eady barely survived a Democratic primary, but, as one of the worst abusers of the House bank, he succumbed to Republican Peter Blute.
- Massachusetts 6: Republican Peter Torkildsen easily defeated incumbent Nicholas Mavroules, indicted for racketeering, bribery and tax evasion.
- Missouri 2: Democratic state legislator Pat Danner ousted Tom Coleman, senior Republican on the House agriculture committee.
- Montana 1: Redistricting cut Montana to a single House seat; Democrat Pat Williams defeated fellow incumbent Ron Marlenee.
- New York 2: Republican Rick Lazio beat incumbent Tom Corvino, who came to Congress aged 25 in the post-Watergate wave and suffered from the "Washington insider" label.
- New York 14: Last of the liberal Republicans, Bill Green finally lost his Manhattan Upper East Side district to Democratic city councilwoman Carolyn Maloney.

- Ohio 6: Republican Bob McEwen was a member of the powerful House rules committee, but his House bank overdrafts dragged him to defeat at the hands of Ted Strickland.
- Ohio 10: Republican Martin Hoke easily beat Mary Rose Oaker, the chair of three House subcommittees but bloodied by her 219 House bank overdrafts.
- Pennsylvania 16: Republican Bill Goodling was hurt by his 430 House bank overdrafts, but won re-election as opposition split between Democrat Paul Kilmer and conservative independent Thomas Humber.
- Texas 22: Democrat Charles Wilson survived the label "Good Time Charlie" and held off Republican Donna Peterson, making the most of his clout on the Appropriations Committee.
- Texas 32: Hounded by a three-year FBI investigation and by House bank overdrafts, Democratic incumbent Albert Bustamante lost this heavily Democratic district to Republican TV executive Henry Bonilla.
- Wisconsin 1: House armed services committee chairman Les Aspin came under attack for serving more attention to world affairs than to his district, but survived a Republican challenge.



## Invading the gentlemen's club

By Louise Kahos in San Francisco and Alan Friedman in New York

CALIFORNIAN voters have broken ground by electing two women to the US Senate, the first time that any state has done so.

"Washington, ready or not, here we come!" declared Mrs Dianne Feinstein, pictured above (right), at a joint victory rally in San Francisco with fellow-Democratic Senator-elect Barbara Boxer.

In all, women won six seats in the Senate, often derided as "the most exclusive men's club in the world." Ms Carol Moseley Braun of Illinois became the first black woman to win a Senate seat, and only the third black person to serve there. She had faced controversy in the final weeks of her cam-

paign over alleged financial irregularities, but overcame them to beat her Republican opponent Mr Rich Williamson.

Democrat Ms Patty Murray, a self-styled "mom in tennis shoes", won a Senate seat from Washington State. Senator Barbara Mikulski of Maryland was re-elected.

Ms Nancy Kassebaum of Kansas, whose seat was not at stake, remains the only Republican woman senator.

"We will be the Cagney and Lacey one-two punch for the state of California," Mrs Feinstein said, referring to the two female detectives in a popular TV show. Mrs Feinstein, former mayor of San Francisco, unseated Mr John Seymour, the Republican picked by Governor Pete Wilson to fill out the rest of his term in the US Senate. With just two years to

run in this partial term, she will face re-election in 1994.

Well known throughout the state following her failed 1990 campaign for governor, Mrs Feinstein, 58, won 54 per cent of votes against 37 per cent for her opponent.

Mrs Boxer, a five-term member of the House of Representatives, narrowly defeated right-wing Republican Bruce Herschensohn.

She won renown for blowing the whistle on Pentagon spending on overpriced toilet seats and coffee pots. However, she was rated the biggest spender in Congress by the National Taxpayers Union.

In one of the bitterest fights, Senator Alfonse "Al" D'Amato, two-term Republican from New York who spent millions of dollars on negative television commercials, won a nar-

row re-election victory over Mr Robert Abrams, his Democratic challenger. Mr D'Amato took 51 per cent of the vote against 49 per cent for Mr Abrams.

The plain-spoken Mr D'Amato's favourite campaign greeting was: "How are ya doin', Big Guy?" When he gave his victory speech at 1.20 in the morning, the senator told his supporters: "I'm not a diplomat. I'm your advocate. I'm a fighter."

Mr Abrams, a traditional New York liberal Democrat who is the state's attorney-general, made much of the repeated investigations into alleged ethics violations by Mr D'Amato. In exchange, the senator accused Mr Abrams of not paying his taxes on a country home.



## US ELECTION: CHANGING OF THE GUARD

## Wealth of talent ready for Clinton

No party power bloc will force his hand, write Jurek Martin and Michael Prowse



**GOVERNOR** Bill Clinton is not going to be short of talent or choice as he contemplates putting together a new government. He will also be able to select from an experienced crew of Democrats who have been waiting for the chance for 20 of the last 24 years and a new younger generation who have come to the fore with him over the last 10 years. Most to the point, he seems beholden to no particular power bloc in the party.

Probably the most important single job in the portfolio sounds the most mundane, that of White House chief of staff. Yet Mr Bush's failure to find a good one proved a fatal weakness in his administration, while Mr James Baker's ability to direct traffic, policies and people in the Reagan first term was an essential key to its success.

One member of the transition team believes the choice will come down to somebody most versed either in politics or government. Mr Jurek Martin, the campaign chairman, and Mr Ron Brown, the party chairman, belong mostly in the first category, though Mr Kantor has government experience. Mr Warren Christopher, the former deputy secretary of state under President Carter, is the quintessential government man. Younger hopefuls could include George Stephanopoulos, the smart young campaign communications chief.

Rated almost as important is the White House position of congressional liaison, again a weakness in Mr Bush's government. Any of the above could be chosen, with Mr Brown, in particular, having displayed his political acumen in a debate during the year. Though he says he does not want a job

in the new government, Mr James Carville, the street-smart political director of the Clinton campaign, might have earned the right of refusal.

Mr Christopher is also considered a prime candidate for at least two other senior Cabinet positions - secretary of state and attorney general (Mr Kantor might be interested in the latter, too, as could be Mr Vernon Jordan, the black lawyer and civil rights activist). Other contenders for the foreign, defence and security portfolios include at least three congressmen - Les Hamilton of Indiana, Les Aspin of Wisconsin and Dave McCurdy of Oklahoma - Senators Sam Nunn of Georgia and Bill Bradley of New Jersey, and retired Admiral William Crowe, one of Mr Clinton's most active supporters in the military hierarchy.

Mr Clinton has been careful to offer few hints about the composition of his own economic team, or about the distribution of power between different groups of advisers.

Financial markets would be unhappy if old Oxford friends, such as Mr Robert Reich of Harvard and Mr Ira Magaziner, an economic consultant, gained excessive leverage since both are seen to favour activist government policies that postpone measures to cut the budget deficit.

But their influence has so far been balanced by Wall Street advisers such as the investment bankers, Mr Robert Rubin of Goldman Sachs and Mr Roger Altman of the Blackstone Group, and by Mr Robert Shapiro of the Progressive Policy Institute, all of whom prefer free-market policies with tight budgetary controls.

The troika of Treasury secretary, chairman of the council of economic advisers and budget director forms the economic backbone of any administration. Mr Clinton may want to supplement them with an economic security adviser and



may give higher profile to the commerce secretary and US trade representative. Mr Rubin is probably the leading contender for the Treasury, with Mr Altman, Mr Felix Rohatyn, the investment banker at Lazard Freres, and former Congressman Jim Jones, chairman of the American Stock Exchange, also in the frame.

Not to be excluded, though clearly a long shot, is the prospect of Mr Clinton calling on Mr Paul Volcker, the former



Cabinet frontrunners: Clinton could turn to (clockwise from above) Larry Summers, Warren Christopher, Ron Brown and Robert Rubin as he assembles his new team for the White House



chairman of the Federal Reserve and still the ultimate pillar of financial rectitude. Mr Larry Summers, now on leave from Harvard and chief economist at the World Bank, is a likely chairman of the Council of Economic Advisers, not least because he has policy-making experience in a large bureaucracy. But there are other strong claimants, such as Mr Alan Blinder of Princeton, Mr Paul Krugman of the Massachusetts Institute of Technology, and Ms Laura Tyson of

the University of California. Mr Shapiro, long close to Mr Clinton and a fountain of ideas on budgetary reform, must be a contender for the budget office, as may be Mr Jones or a current congressional heavyweight, like Senator Lloyd Bentsen of Texas, though his current hegemony over the finance committee is a powerful competing attraction.

If Mr Rohatyn does not get the Treasury, then he could be offered Commerce, as might Mr John Young of Hewlett Packard, or indeed Mr Magaziner.

The hot inside tip for trade representative, succeeding Mrs Carla Hills, is another woman, Ms Paula Stern, an expert in her own right whose husband happens to be the present head of the Clinton transition team.

There are, of course, in excess of 3,000 political jobs going in Washington. There will be at least twice that many applicants for them, which is why the city's real estate agents, long in the doldrums, were looking positively perky yesterday.

## Battle of ideas set to absorb the GOP

IT IS not going to be easy for the Republican party after holding the White House for 20 of the last 24 years. It will not even have the consolation the Democrats had for most of their years in the executive wilderness of running Congress, the legislative arm of government, writes Jurek Martin in Washington.

Yet the GOP future is by no means bleak. The internal forces that would tear it apart are strong. There are serious differences of opinion between the socially exclusionary ideological right, conventional moderates, and the new strain of conservatism, which combines economic tightfistedness with a liberal approach to social problems.

But, offsetting this, should be the twin realisation that out of division comes new strength of purpose and that the party lacks not in distinctive leadership material.

Now that Mr George Bush is heading into retirement, the nominal titular head is Vice-President Dan Quayle. Undoubtedly he has his eye on the party's nomination in 1996 and his faithful performance in this campaign, much better than his underwhelming national debut four years ago, will have won him support.

For the moment Mr Quayle is the standard-bearer of the ideological right, more so than Mr Pat Buchanan, the polemicist who challenged Mr Bush in the primaries. But his handicap remains the perception, reinforced by the election results, that he is still not intellectually worthy of the presidency. That cannot be said of some other challengers.

Mr James Baker will probably not be one of these. His distaste for electoral politics is palpable. He might not turn down a nomination handed to him, but it is difficult to see him seeking it out aggressively, not least because he will be in his late 60s by the time 1996 comes round. The younger Republican generation looks more ambitious. Mr Jack Kemp, the housing secretary, had a good election, proving himself faithful to his president but distinctive in his advocacy of greater government and private-sector involvement in inner-city problems.

Mr Dick Cheney, the widely respected defence secretary, was also conveniently above the fray of a losing campaign. A moderate in most matters, which is not true of the enthusiastic Mr Kemp, and with few political enemies, he looks more able than most to reconcile the party's factions. Governor Bill Weld of Massachusetts and Mr William Bennett, the former education secretary, represent best the new strain of conservatism, with Mr Weld, because of his greater exposure, the more advantageously placed.

But all will have to reckon with the grass roots force of the Christian right and its skillful political mastermind, the Rev Pat Robertson, who has an extensive agenda for the future.

If the Republicans follow the Clinton model, there will soon be a mini-proliferation of new think-tanks, trying to win the party's battle of ideas. It could prove fascinating.

## Corporate America nervously awaits new order

By Martin Dickson in New York

AFTER 12 years basking under laissez-faire, pro-business Republican administrations, corporate America is nervously awaiting an activist Democratic president whose legislative programme has far-reaching implications for both US and foreign companies.

Despite the anxiety, Mr Bill Clinton has a reasonably strong pro-business record as governor of Arkansas and managed to pick up the election endorsement of many more top executives than other recent Democratic candidates.

He has put the revitalisation of the US economy at the top of his agenda and his aides are promising early action in two areas which should win strong business support: an investment tax credit and a \$20bn (€12.2bn) a year programme of infrastructure spending, which should benefit the construction, telecommunications and environmental services industries.

However, businesses fear that some of Mr Clinton's other pledges, particularly in the areas of healthcare, insurance, job training and labour relations, could impose onerous new costs on them, while foreign companies are extremely concerned over his threat to tax them more heavily.

The impact of the new policy mix remains highly uncertain, since Mr Clinton has yet to fill his cabinet posts and his published plans consist of little more than vague campaign generalities.

However, some broad themes stand out:

- Foreign companies may suffer in two respects. First, Mr Clinton has promised to "crack down" on those which "properly" manipulate their tax laws to their advantage.

This may involve new rules to prevent multinationals abusing transfer pricing - the price they charge US subsidiaries for goods - to avoid paying US tax. A more aggressive

approach would be to support a discussion document floated by two senior congressmen last summer, which suggested arbitrarily taxing foreign companies on the basis of the average profitability of US companies in their sector.

Second, foreign companies may suffer from a more protectionist attitude to the takeover of US businesses. For example, Mr Clinton said recently he would oppose the proposed acquisition by British Airways of a 44 per cent stake in alling USAir because if the deal went through US carriers would get no additional access to the British market.

Mr Clinton plans quick action to provide a "targeted" investment tax credit, which US business has not enjoyed since 1986.

Ms Gillian Spooner, a partner at the accounting group KPMG Peat Marwick, says it

remains unclear what kinds of investment will be covered and whether the credit will be incremental - in other words dependent on a business increasing its investment over the level of preceding years.

There are also plans to encourage new small businesses by allowing long-term investors in start-ups to get 30 per cent of any gains excluded from the tax net.

In common with Mr Bush, Mr Clinton has promised to make permanent an annual tax credit for companies investing in research and development and to set up enterprise zones in the inner cities.

Health insurance. A key campaign pledge has been reform of the US healthcare system, aimed at making adequate medical aid available to all and holding back rocketing health costs. The drug and insurance industries will be

hurt by promises to attack the "price gouging" of the former and the underwriting policies of the latter.

Mr Clinton is also expected to mandate that all employers provide healthcare insurance for their workers, though they would get some form of federal aid in the early years. Many businesses, particularly small ones, are likely to complain that this is an extra financial burden which will cost jobs.

A larger question, argues Mr Steve Ractman, of management consultants Towers Perrin, is whether Mr Clinton might look to business as a source of revenue to fund his healthcare pledge. He might seek to reduce the favourable tax treatment of employers' health insurance payments, currently deducted 100 per cent as an operating business expense.

Worker training. Mr Clinton will require every employer to spend 1.5 per cent of payroll for the continuing education and training of his workers. That may not be too arduous for large companies, but once more it may be a severe burden for smaller businesses.

The environment. Businesses guilty of pollution are likely to be fined or taxed more heavily, while tax incentives are promised to encourage use of alternative fuels and recycled materials. The motor industry will have to meet tougher fuel efficiency requirements by 2000 and other sectors may face more onerous pollution standards.

Telecommunications. The new administration supports the idea of nationwide communications infrastructure based on highly efficient fibre-optic technology. It is not clear who would pay for this and which companies would benefit.

The record of Mr Al Gore, who will be vice-president, sug-

gests the administration will encourage a big role for the giant, cash-rich "Baby Bell" regional phone companies, which are presently discouraged by regulatory and legal restrictions on investing in fibre-optic networks and want more freedom to provide video services to the home.

Labour relations. Mr Clinton owes election debts to the labour movement, and corporate America fears that unions, which have lost a great deal of power over the past 15 years, may regain some ground. The president-elect has pledged to sign the Workplace Fairness Act, which would ban the permanent replacement of striking workers.

The great concern in labour law is what he is going to sign when a liberal Congress presents it to him, says Mr David Rhodes of consultants Towers Perrin, who suggests the outcome will have a significant effect on American industry's long-term productivity.

## Ignominious end for a paradoxical president



FOR George Bush it was not supposed to end like this. Rather than a graceful exit from the presidency after eight years, contemplating a place in the history books, he leaves after only four, the first elected Republican president since the forgettable Herbert Hoover to be

turled out after a single term. Even more sadly, a gracious concession speech on election night could not expunge the sour taste that his foul campaign had left in the nation's mouth. This further reduced the respect he had earned for having done some things well during what will come to be seen as, at best, a transitional term in office and, at worst, a negligent one.

Nor could he have expected that his own nation would so turn against him. Had he not, as he would have it, won the cold war, reunified Germany, stood firm during the attempted Soviet coup thereby encouraging democracy in Russia, and brought Saddam Hussein and Manuel Noriega to heel?

Even though he began to concede this year that perhaps he might have paid more attention to domestic affairs and that, perhaps, the economy had not performed to expectation, he never gave the impression he could be blamed for not solving every problem. Of the economy he would say: "It's bad, but, hey, not that bad."

Nor did he seem to realise that perhaps his country had really read his lips and did not trust him that much. His public

life has, after all, been one in which constancy has not been a virtue - be the issue "voodoo economics," abortion, civil rights or dealing with Iran and Iraq.

For a confessed ineffective man, Mr Bush is a complex character. He is said to be private malice towards none (even Mr Clinton concedes this) and is capable of great personal kindness. But he sanctions malice in public, especially in those who work for him, and seems more than capable of turning a blind eye to those who may break the law on his behalf.

For a man who made it all the way to the White House it is paradoxical to state that he has never been a great electoral politician. Set against his losses - twice for the Senate from Texas in 1964 and 1970 and for the Republican nomination in 1980 - have been two terms as a congressman from his state in the 1980s and, of course, the presidency itself in 1989. The enduring feature of all those races, except possibly 1980, has been his willingness to conduct ruthlessly negative campaigns, even when they have not appeared to be necessary.

But if Mr Bush saw elections as a necessarily dirty rite of passage, to be approached with all the cynicism to be mustered, there was also the assumption that he saw the presidency as something else - a test of his own manhood.

His long public career had always been dependent on patrons - in order, Goldwater, Nixon, Rockefeller and Reagan, who encompassed the full range of Republican beliefs and experience. He owed more than a little of his winning campaign four years ago to Mr Ronald Reagan, but at least when he inherited the White House it was

his to run, with the capable assistance of his old friend James Baker.

Mr Bush has admitted that, in 1989, he still felt he had not been fully tested under fire. He resolved that problem, inside a year, with the invasion of Panama, a soft target perhaps. But there was nothing soft about other challenges that came his way, with the liberation of eastern Europe, the tearing down of the Berlin Wall, the inva-

sion of Kuwait by Iraq, and the dissolution of the Soviet Union. In most of these he was not found wanting as a crisis manager. He encouraged democracy in eastern Europe, while leaving the leading role in economic assistance to the European Community; he stood firmly behind Chancellor Helmut Kohl in the great debate about German unification; his finest moment, if not hour, was a critical comment when it seemed that the anti-Gorbachev putsch was going to work. "Not all coups succeed," were his words, which looked awfully good compared with the simultaneous equivocations of the likes of President François Mitterrand.

His finest campaign was undoubtedly his diplomatic and military triumph in the Gulf war, although Mr Bush is now going to have to face up to question after ques-

tion about the details of his policy to court President Saddam in the years before the invasion of Kuwait.

The conduct of the Gulf war and the subsequent pursuit of the Middle East peace process laid to rest for a while the suspicion that Mr Bush had no broad, strategic vision to deal with a changing world. When last year he spoke of "a new world order," involving greater collective inter-

national responsibility and burden sharing and a leading role for the United Nations, there was a sense that he was on to something substantive. It could well be said that the first 2 1/2 years of his presidency were indeed a success. He seemed a man of purpose, which made the failure of the balance of his term all the more difficult to understand.

Even his signing of the 1990 budget legislation, containing the very tax increases which two years before he had promised he would never allow, was considered at the time by all except the ideological right wing to be an act of responsible domestic statesmanship. It was hardly surprising that 15 short months ago so few Democrats felt like taking him on.

It is impossible to divorce the state of the economy from his demise. It is not so

much that policy mistakes were made - indeed his administration and the Federal Reserve pushed most of the buttons available to them - but more that the president seemed blithely indifferent to the real domestic world outside the White House. The word got out that he had "lost touch" with his own country and the concerns over health care, education, narcotics, crime, unemployment that were so much on the mind of average people.

This year has read like a catalogue of disasters: an ill-conceived and ultimately disastrous trip to Japan, a divisive Republican primary campaign, an ineffectual response to the deeply disturbing riots in Los Angeles, perpetual "gridlock" in relations with Congress, veto after veto of popular legislation, a grudging and mean-spirited excursion to the Earth Summit in Rio de Janeiro and, as politically damaging as anything, a vindictive and confrontational Republican convention in Houston.

There are also growing and public divisions inside his own government. Mr John Sununu was an abrasive White House chief of staff and his successor, Mr Sam Skinner, ineffective. His economic advisers - Brady, Darman and Boskin - were not of one mind. They often did not seem to know whether to support Mr Alan Greenspan at the Fed or undermine him. Mr Jack Kemp, the housing secretary, made no bones of the fact he felt semi-detached. The conservatively pure, always suspicious of Mr Bush and Mr Baker, began open assaults, suggesting that the weak end of the Republican ticket was Mr Bush and not Vice-President Dan Quayle.

Mr Bush's reactions to these events were unpredictable, contradictory and defensive. The last was arguably the worst offence; he began to whine and blame others, a trait that Americans, like others, do not find attractive. By the time he finally brought Mr Baker back to the White House to sort it all out, the rot had set in - and the economy was definitely not getting better.

Suddenly the old suspicion that Mr Bush (and Mr Baker) lacked strategic vision and a sense of purpose took hold again.

The negative campaign against Mr Clinton only served to reinforce this. It began to be written and said repeatedly that the only reason Mr Bush wanted to be president was "to be president". One of his less felicitous early election year pronouncements - "I will say or do anything to remain president" - was increasingly used in evidence against him.

The paranoia of Mr Ross Perot, the independent candidate, may know no bounds, but Mr Bush did sanction dirty tricks against his opponents. There is no other explanation for his political appointees at the State Department nosing round the Clinton family passport records.

But, to the president, "you gotta dish it out and if they can't take it, too bad". In the end he was reduced to the most demeaning of insults against Mr Clinton and, finally, the public concluded that this demeaned Mr Bush more than the recipient.

Yet it is also typical of George Herbert Walker Bush, a Yankee patriot, that he was publicly gracious in defeat. That is the ultimate dichotomy.



## US ELECTION: WORLD REACTION

## Clinton puts paid to Reagan-Thatcher era



THE Reagan-Thatcher era is over at last, writes Edward Mortimer.

That was the instinctive reaction of many Europeans yesterday to President-elect Bill Clinton's victory over Governor George Bush. The evidence is mixed, but belief in global political currents, flowing across frontiers and oceans, is widespread.

Sir Ralf Dahrendorf, Warden of St Antony's College, Oxford, thinks Mr Clinton's victory will be both a symbol and, by its example, an agent of change.

He sees the change as partly one of generations, but also one of policies, "towards a greater emphasis on things social".

The 1990s, he says, will not be the deliberately redistributive of wealth, as the 1980s were. The supply side will not be taken for granted, but the emphasis will be on "entitlement", and more attention will be given to the employment consequences of economic decisions. The economy will no longer be seen as "a programme in itself".

In the 1980s - the Reagan-Thatcher decade - the emphasis was on the supply side. It was the age of tax-cut, privatisation and deregulation; of the leveraged

buy-out and the real-estate boom.

In the early 1990s, those chickens have come home to roost. Right across the industrialised world, rapid debt deflation has choked off growth, bringing a rise in unemployment.

Such changes almost inevitably have their effects in the realm of politics. "In the late 1970s," says Sir Ralf, "nobody could get themselves re-elected. In the late 1980s, it seemed no one could get themselves de-elected. I have long expected that we should see massive change in the early 1990s."

Professor David Calleo of Johns Hopkins University, Washington, also sees the idea of "a more efficient and active public sector" as

being at the heart of Mr Clinton's appeal.

"The flood tide of neo-liberalism, the idea that the market will decide everything, is over," Mr Calleo says. "But the old antithesis of big state versus little state is in a way beside the point. The argument is for a more efficient state, politically stronger but administratively less intrusive, not growing in all directions automatically. That's the theory. We don't know how it will work in practice."

For the British Labour party these analyses have two possible implications: either it has failed to articulate the new trend, being still infected with old-style 1980s interventionism, or last April's UK election came just too soon for it to benefit.

But changes in policy are not always reflected in party labels.

In France and Spain Socialist parties were in power throughout the "Reagan-Thatcher decade", and, *mutatis mutandis*, applied Reagan-Thatcher policies with vigour, to the dismay and discomfiture of many of their grass-roots supporters, notably in the trade union movement.

Sir Ralf Dahrendorf says he had thought "Mr Major and his generation" would implement the new 1990s thinking in Britain, while retaining the Conservative label, and admits to being disappointed that this is not the case.

In Germany, where he was himself a Liberal (FDP) politician in the 1960s and 1970s, Sir Ralf points out that in the 1980s the ruling Christian Democrats, hitherto proponents of a "social market economy", became much more Thatcherite; and he expects them to move back under any of Chancellor Helmut Kohl's possible successors.

The country that will have most difficulty in adjusting, he thinks, is France, which is approaching elections next spring "with all the old characters". He quotes a French friend as saying France will experience the change "in the new millennium and not before", but he himself thinks "things may slide more rapidly, in the next few months".

In any case, Sir Ralf predicts that "we are in for a decade of gigantic redistribution struggles", in which most people's real incomes will fall and there will be intense pressure for the pain to be equitably shared.

In the short term fiscal deficits will widen further and, "though I shudder to say it", the result will almost certainly be a return to high inflation.

Mr Calleo too sees a potential conflict between two types of demand for change: Mr Clinton's emphasis on government spending on infrastructure, schools etc on the one hand, and the demand for balanced budgets and financial stringency expressed by Mr Ross Perot on the other.

## Leap into unknown for nervous EC leaders

By Lionel Barber in Brussels

EUROPE will miss President George Bush. However unpopular he was in the US, Mr Bush was viewed by his fellow European leaders as a predictable ally. President-elect Bill Clinton represents a leap into the unknown. This at least was the initial assessment in Brussels yesterday.

The Clinton campaign has sent signals about its desire for continuity in US foreign policy; but questions remain about how a 46-year-old governor from Arkansas, with next to no experience in foreign affairs, will approach Europe, especially now that relations between the US and the EC have turned decidedly sticky.

The tensions between the two in the Gatt trade talks are symptomatic of a wider lack of transatlantic co-operation. The sense of drift has grown as the global recession has deepened and national leaders have gone their own way.

## Some believe Clinton would be delighted if Bush could secure a Gatt deal

"We're in the middle of a hurricane, but we're still trying to do business," said a senior White House official just before the November 3 election, "and you people in Europe are worrying about the French farmers in elections six months down the road."

For Mr Jacques Delors, European Commission president, the Gatt talks have turned into a trial of strength in which no side can afford to lose face. As Mr Clinton will discover, Mr Delors is reflexively anti-American on some issues. He believes the EC should resist US pressure on farm subsidies because "it is important for an adolescent Europe to say No to Big Brother [America]".

This view is widely held among Europhiles in Brussels who fret about US claims to world leadership and banker after a partnership of equals; but at the same time, officials worry that the US may decide to go home, leaving a security vacuum in Europe.

In a speech in Boston in 1989, President Bush recognised European aspirations for a

greater political voice and gave an unequivocal welcome to European economic integration.

Subsequently, he awarded the EC a co-ordinating role in eastern Europe. Invited Mr Delors to Washington as a quasi head of state, and gave an enthusiastic welcome to the Maastricht treaty on European union. Behind the scenes, however, frustrations continued to build as European aspirations foundered, first in its dilatory response to the Gulf crisis and then in its ill-conceived rush, under German pressure, to recognise Croatia and Slovenia - thereby exacerbating the Yugoslav civil war.

The US was also alarmed about Franco-German plans to form a new Euro-corp, the potential nucleus of a future European army sketched in the Maastricht treaty. US diplomats privately denounced the corps as a challenge to the primacy of Nato as guarantor of European security.

Enter Mr Clinton, the man who declares it is time to rebuild America, who puts the restoration of US economic strength as top priority. Two questions arise: will his "America first" rhetoric lead to a more confrontational and protectionist trade policy; and will his interest in domestic affairs accelerate the trend toward US disengagement in Europe?

Mr Manfred Wörner, Nato secretary-general, attempted to dispel concerns yesterday, describing Mr Clinton as a "fervent supporter of the Atlantic alliance". But some senior EC officials are not entirely reassured by the Clinton camp's answers. (The EC delegation in Washington only received official biographies of Mr Clinton and his running-mate Senator Al Gore on election day; more seriously, officials in Brussels are awaiting the first senior foreign policy appointments).

Economic questions remain paramount. Will Mr Clinton pursue his plan to increase taxation of foreign-owned companies to help reduce the budget deficit, even at the expense of job-creating inward investment? What steps will he take to spur a US recovery?

In the last resort, however, much will ride on the Gatt talks which have now become a litmus test for whether the US and EC can balance the need for political co-operation with economic rivalry.

For this reason, many officials in Brussels believe Mr Clinton would be secretly delighted if Mr Bush could pull off a deal because it would avoid a damaging row with the allies just as he takes office in January.



LAST TANGO IN LITTLE ROCK: on their way to the White House Mr Clinton and his wife Hillary celebrate the start of a new political life

## Washington will not be allowed to forget former communist adversaries

## Old Soviet bloc will demand attention

By Anthony Robinson in London, Leyla Soutoun in Moscow and Chrysis Freeland in Kiev

THE Cold War ended during President Bush's watch. But with hyper-inflation, economic dislocation and ethnic conflicts now stalking Russia and other former Soviet republics, and central Europe worried about the spread of ethnic conflicts from Yugoslavia, the region is likely to intrude on the priorities of President Clinton.

A central question for east Europeans is how far and how fast Mr Clinton will withdraw

US troops from Nato, an alliance which leaders of the new post-communist democracies see as an essential element in their own security.

Unable to secure a firm timetable for their entry into the EC and denied a formal extension of the Nato umbrella beyond the German border, the states of central Europe in particular see a continuing US military and political presence as a long-term reassurance against possible unpredictable upheavals in the former Soviet Union which could destabilise their fragile democracies.

In military terms the risks from Russia are seen as mini-

mal even though Russia and Ukraine still have by far the biggest armies on the continent. Soviet troops have withdrawn from Hungary, Czechoslovakia and Poland and are leaving their bases in former east Germany.

But, as the current slowdown in troop withdrawals from the Baltic states indicates, the Russian military could in future resume a more active role.

Of greater immediate concern is the rising tide of economic refugees and evidence from Yugoslavia that without direct US political and military involvement the European

Nato countries lack the will to tackle the potential ethnic conflicts throughout the area.

The danger is that eastern Europe will expect too much from a US which is home to millions of ethnic Poles, Slovaks, Ukrainians and others, and still represents, despite decades of Cold war propaganda, the promised land for millions of ordinary people and a model for governments.

The longing for a strong US role in eastern Europe is also present in the economic sphere where US investment, especially by multinational companies, is regarded as doubly valuable. President Walesa of

Poland has described US investment as equivalent to having US divisions on Polish soil.

Russia too sees a special relationship with the US as crucial. Having been bankrupted by military competition with the US, Russia looks to its former opponent for help in converting military industries to civilian use and restoring order and profit to its farms and oil and gas industries.

Russian President Boris Yeltsin was among the first to congratulate Mr Clinton, adding that he hoped the new administration would "actively support" Russian reforms.

## Latin Americans look anxiously across border

By Stephen Fidler, Latin America Editor, in Mexico City

THE defeat of President George Bush will initiate a period of uncertainty across Latin America. Although most governments will naturally declare their contentment with Mr Clinton, most would have preferred the continuity of another Bush term.

With the exception of two issues - the proposed free trade agreement with Mexico and Canada and Mr Clinton's desire to see the end of the Castro government in Cuba - the election campaign provided little insight about the incoming administration's attitudes to Latin America.

During the campaign, Mr Clinton cast doubt on the value of US aid programmes and trade concessions such as the Caribbean Basin Initiative had been for the reconstructing economies of central America and small Caribbean countries. His qualified approval of the North American Free Trade Agreement coincided with high praise for President Carlos Salinas of Mexico. On issues relevant to most of the rest of the continent, he was mute.

From the Latin leaders' perspective, however, Mr Clinton shares neither Mr Bush's experience of the region nor his friendship with many of its leaders. They also expect their relations with Washington to become more complicated.

Mr Carlos Bolona, Peru's economy minister, believes Mr Clinton's arrival at the White House will lead US Latin America policy to be more oriented towards human rights, the environment, the fight against drugs and promoting democracy.

By contrast, the Bush administration emphasised economic reform and trade, a policy that coincided with the agendas of most Latin American leaders. Despite fears among Latin governments, there is a widespread view in Washington that shifts in US policy will not be dramatic, partly because Latin America is the fastest growing market for US goods.

## UK savours links with 'Univ man'

By David Marsh

MR Bill Clinton's time spent beneath the dreaming spires of Oxford may not, by itself, be enough to turn Washington into Camelot when he moves into the White House.

However, Britain yesterday was halting the prospect that its "special relationship" with the US could be given an additional polish as a result of Mr Clinton's Oxonian connections.

The Foreign Office yesterday underlined that Mr Clinton - who was a Rhodes Scholar - would be the first US president to have studied at Oxford.

"There will be a sentimental attachment," a Foreign Office spokesman said. "But they [the Clinton administration] will be trying to do their best for America, just as we are trying to do the best for ourselves."

Mr Douglas Hurd, the foreign secretary, took a break from worrying about a US-European trade war to welcome the prospect of working "very well" with the new president. Prime Minister John Major is likely to meet Mr Clinton during a planned trip to the US before the end of the year.

## Barely a note of discord from Japan

By Our Tokyo Staff

IF Governor Bill Clinton's policies towards Japan are a reflection of his appetite for singing with karaoke machines, relations between the US and Japan should take a sharp turn for the better.

Officials from the Arkansas state office in Japan yesterday recalled that during the most recent of his three visits to Japan in 1988 the president-elect and his wife sang in an Osaka karaoke bar until 3am.

Mr Satoshi Iue, president of Sanyo Electric, the first Japanese manufacturer to invest in Arkansas, who was the Clintons' guide that night, remarked: "He enjoyed going in a video arcade, sang very well and fascinated people by playing the saxophone like a pro."

Mr Iue, who has known Governor Clinton for 14 years, added: "I do not believe the close relationship between Japan and the US will change."

However other Japanese leaders gave Mr Clinton's victory a more cautious welcome. Expressions of gratitude for President George Bush's foreign policy achievements were combined with the uncertainty of losing familiar Republican policymakers and apprehension that Mr Clinton's focus on domestic economic issues may lead the US to withdraw from an active international role.

Japanese business and political leaders welcome Mr Clinton's apparent determination to boost US industrial competitiveness on the grounds that a strong US economy is in Japan's best interests. But they worry that a revival might come at the price of a more assertive anti-Japanese trade policy.

Prime Minister Kiichi Miyazawa congratulated Mr Clinton and urged the US to continue to play a world leadership role.

The premier said that relations with the US would remain the cornerstones of Japanese foreign policy. Mr Takeshi Nagano, president of the Federation of Employers Associations, said: "It appears the Clinton administration will strengthen attention to domestic affairs."

"On this point I am concerned that America will reduce the role it has played in international politics."

Mr Rikuro Ishikawa, chairman of the Japan Chamber of Commerce and Industry, said: "I am concerned that should he fail to reform the fiscal deficit or bring about economic recovery it would bring about a harder line toward Japan."

One Japanese company already claims to have played a vital role in Mr Clinton's victory. The Arkansas hotel which served as his campaign headquarters is owned by the Tokyo-based Japan Green Stamp company.

## Uruguay Round set to simmer on back-burner

By David Dodwell, World Trade Editor

FEARS in Europe and Japan that Mr Clinton will take a tougher stance on trade issues - with the possibility of edging the US towards protectionism - were quickly voiced yesterday. The fact is, however, that he remains an unknown quantity.

Mr Clinton has been deliberately, and perhaps cleverly, coy on trade issues. All he was willing to say during one of the presidential debates was: "I'll have a free and fair trade policy, a hard-headed realistic policy, and not get caught up in rubber-stamping everything the Bush administration did."

He has said in general terms that

he supports the Uruguay Round, and has described the free trade pact with Mexico as desirable, but only if accompanied by a national economic strategy.

"When you get past agriculture, Clinton's people really will have to make choices among competing political interests, and it would be awkward, if not bizarre, for the outgoing administration to make decisions with which the incoming president may disagree," said Mr Harry Freeman. Mr Freeman is executive director of the MTN Coalition, a non-partisan business grouping organised to get a Uruguay Round package passed by Congress. "It would have been difficult for Clinton to redo things that have already been agreed - but that difficulty

ended on Tuesday night," he said.

The first consequences of a Clinton victory, therefore, is the collapse of present efforts to agree a Uruguay Round package. Having sidelined trade issues during the campaign, there is no reason to believe Mr Clinton will promote them to the top of his political agenda on January 21. A long delay can be expected before serious negotiations on the Round can resume.

He is likely to be successful in negotiating Congressional renewal of "fast track" legislation which effectively expires next March, and which is essential for smooth ratification of any Uruguay Round deal.

But a Clinton administration is likely to have priorities that do not match those of the present US

Trade Representative's Office. This implies a need to unravel the draft Uruguay Round agreement that has taken six years to bring to the table - with uncertain reactions by the other 104 contracting parties to the General Agreement on Tariffs and Trade (Gatt). The most controversial new priorities are likely to involve "non-traditional areas" like workers' rights, human rights and environmental concerns. How tough he will be in forcing these issues on to the trade agenda is unclear.

Trading partners wonder whether Mr Clinton will be as zealous as his predecessor in blocking the more protectionist excesses of Congress. Mr Michio Watanabe, Japan's foreign minister, noted: "The Democratic party has been supporting

trade protectionism and attempting to put a brake on the sale of cheaper Japanese goods. It's possible that a President Clinton would reactivate [Super] 301."

Super 301, a potent modification of Section 301 of the US 1964 Trade Act, would permit Washington to impose tariffs of up to 100 per cent on exports of a country that refused to open its markets to US goods.

A trade bill passed by the House of Representatives in July and now before the Senate would renew for five years the Super 301 clause, which expired two years ago. While President Bush had been poised to veto the bill, no one has yet determined Mr Clinton's reaction.

The tendency to prefer bilateral settlement of trade disputes implied in Super 301 is at odds with Gatt principals that disputes should be settled multilaterally, and is feared by many US trading partners.

Japan has been targeted in part because of its mounting trade surplus with the US. But it is not alone. Other countries in trade surplus with the US, like Taiwan and China, may fear similar treatment.

Indeed, unless Beijing hastily secures the safe haven of Gatt membership - as it is trying to do by next March - it will be in grave danger of losing its most favoured nation trading status with the US, which has remained in place over the past four years thanks only to Mr Bush's success in fiercely-fought veto battles with Congress.

Mr Clinton has also hinted that he would take a tougher view on "anti-dumping" action against "unfair" traders. Such actions - already widely abused by the US and the EC in defence of uncompetitive but powerful domestic industrial interests - were due for reform under the Uruguay Round. The hint of their wider use is seen by the US's trading partners as a dangerous pointer in the direction of protectionism.

Clinton supporters nevertheless insist that "while it is right to be cautious, it would be wrong at this stage to make judgements".

Said on Washington-based trade lobbyist: "If I were you, I would give Clinton a chance - you might be surprised. You will have to hold your breath a while."



# Major demands support for EC policy

By Ivo Dawney,  
Political Correspondent

MR JOHN MAJOR set about the biggest fight of his political career yesterday by arguing that the crucial issue at stake was whether or not Britain would play a central role in Europe's future development.

In a speech targeted at his Eurosceptic Tory critics and his pro-EC Liberal Democrat allies, he insisted that ratification of Maastricht was a vital national interest.

"I don't believe it is credible for this country to sit on the sidelines of Europe and let other people determine policy," he said.

Using words tailored for the sceptics in his party, he supported the

claim by saying a centralised Europe was more likely if "Britain scowls in frustration on the fringes."

He went on to claim progress had been made on creating a framework for a definition of subsidiarity at the Birmingham summit and said the Dances had now clarified their desire for additions to the treaty that met their concerns without a renegotiation.

Turning to Labour, Mr Major wove cheers from the Conservative supporters by charging that the amendment tabled by the opposition was "a fraud."

Exploiting the fact that Labour was arguing for a delay in ratification while also claiming to be a firmly pro-Maastricht party, he aimed a

steady stream of fire at the integrity of Mr John Smith, the Labour leader. In spite of being a long-time pro-European, the opposition leader was "hiding behind the Danes" to disguise the splits in his own party," he said.

"The right honourable gentleman's principles have been cast aside on a sea of expediency," he added to loud cheers.

After winning noisy Tory support for these attacks, the prime minister then attempted to address what he acknowledged were the "genuine concerns" of the doubters.

He underlined that his negotiation had firmly established Britain's right not to proceed to Economic and Monetary Union, adding that such a prospect looked increasingly unlikely

within the treaty's timetable.

Heavy stress was put on Britain's successful persuasion of its European partners to keep key policy issues such as security and foreign affairs at an inter-governmental level and outside the competence of the European Commission.

Mr Smith, however, said the Tory motion contained no ringing declaration about the future of Europe which would rally the troops under the Maastricht banner.

Instead it had all "the hallmarks" of the prime minister and was the product of the internal machinations of the Conservative party. Mr Smith argued that further proceedings on the bill should be delayed until after the Edinburgh summit in December

when the terms secured by the Danish government for staging a second referendum on the Maastricht treaty would be clarified.

But the prime minister warned against any delay, saying: "It would be a fatal cocktail for the future interests of our country if we were to shrink back from meeting the agreement which we freely entered into."

"I have to tell the House and I have to tell the country that we cannot continue to make a success of our membership of the Community unless we ratify the treaty that we have agreed to."

"That is my clear judgment and I would be doing the country a disservice, if I did not back that judgment with all the force at my command."

## Britain in brief



## Planning costs estimated at £600m by CBI

Delays in the planning process are costing British business £600m a year, much of which could be saved by better procedures, according to a study published by the Confederation of British Industry.

The study, drafted in conjunction with the Royal Institution of Chartered Surveyors, calls for the streamlining of the planning system, with better business input at all stages.

This would be sponsored jointly by government departments responsible for the environment, transport, industry and agriculture, and would draw together a national framework for land use and infrastructure planning for a five-year period.

## Housing starts fall by 7%

Further evidence of the gloom in the construction industry emerged with official figures showing that housing starts - a key leading indicator of economic activity - fell 7 per cent in July-September compared with last year.

The figures from the Environment Department came as the Royal Institution of Chartered Surveyors said shortages of work, fee competition and lower tender levels were producing a "vice-like squeeze on profitability."

And the British Aggregate Construction Materials Industries (BACMI) reported a marked decline in sales of all materials through the third quarter, with demand in September "dropping like a stone" after a stable performance in July.

## All's fair in business class

A Mori poll of business travellers found that many companies are instructing executives to use cheaper hotels and flights. The survey of 400 senior executives and secretaries for the Wagons-Lits travel company showed that in almost a third of the companies questioned everyone travelled in the same class, regardless of their position.

## Increase in tourist trips

The number of overseas visitors to the UK rose eight per cent to 12m in the first eight months of the year, and their spending rose 2 per cent to £5.01bn, according to the latest International Passenger Survey.

A record 2.3m visited Britain in August - a 4 per cent rise on August 1991, and their spending rose 2 per cent to £985m. A record 1.47m of the tourists were from western Europe. The British Tourist Authority predicted that tourist numbers would grow because of the fall in the value of sterling.

## Sizewell critic backs N-design

The leading critic of a computerised safety system being developed for the Sizewell B nuclear power station has withdrawn his concerns about the design.

Mr John Culler, professor of electronics at Warwick University and a leading figure in the British Computer Society, says he is satisfied the E5m system will be acceptably safe. The Nuclear Installations Inspectorate has yet to approve the system, but says it expects to be able to do so within the next few months.

## Director jailed for forgery

A former marketing director of the Welsh Development Agency forged a Home Office minister's signature on headed notepaper to help him land the £40,000-a-year job. Cardiff Crown Court has been told.

Mr Neil Smith, from Walsall, central England, had produced a glowing reference from Mr Peter Lloyd, a junior minister. He had also claimed to have held senior jobs with Laker Airways, Polly Puck, and had awarded himself a Master of Business Administration degree from Madison Business School, Wisconsin.

Mr Smith, who had served three previous sentences for deception, admitted forging and then using references and resumes to obtain pecuniary advantage and was jailed for two years.

## New hitch at British Library

The opening of the new British Library, which was due to take place next year after long delays, has now been postponed indefinitely. The library blamed further problems with the £450m project on construction problems at the new library's site on Euston Road.

The library has eaten into its book-buying budget to finance the move to the St Pancras site in central London - the biggest civic development this century - and Dr Brian Lang called for more Government help.

Remedial work is being carried out by a firm hired by the government's Property Services Agency, in charge of the development.

The library, which had been scheduled to open in 1991, will not now open until at least 1994.

## Deadline for NHS closures

Government decisions on the closure of London hospitals are likely to be finalised around the end of January, according to Dr Brian Mawhinney, health minister.

Dr Mawhinney has this week begun visiting all hospitals identified for closure or change in Sir Bernard Tomlinson's report into London healthcare published last month.

## Springboks win

South Africa's national rugby team - the Springboks - celebrated their first win of Britain since 1970 with a 23-9 win over the Midlands, the English divisional champions, at Leicester.

## Minister approved exports to Iraq

By John Mason

MR ALAN Clark, the former trade minister, approved the export of machine tools to Iraq knowing they could be used to produce arms, he told an Old Bailey court yesterday.

Mr Clark also admitted advising Matrix Churchill and other British tool makers exporting machines capable of making arms to draw up specifications which stressed their peaceful, rather than military, applications.

He denied, however, this amounted to tipping off the companies how best they could get around government guidelines on the export of arms to Iraq.

Mr Clark also agreed that he thought both that the government's guidelines were "tiresome and intrusive" and that it was in Britain's best interests for the Iraq-Iraq war to continue as long as possible.

Mr Clark was giving evidence in the trial of three former directors of Matrix Churchill, the Coventry-based machine tool company, who are accused of deceiving the Department of Trade and Industry by pretending that equipment exported to Iraq was for civil, not military, use.

Mr Paul Henderson, the company's former managing director, Mr Trevor Abraham, its former commercial director, and Mr Peter Allen, the former sales director, all deny breaching export regulations.

In January 1988 Mr Clark met a number of representatives of the British machine tool industry, including Mr Henderson, who were concerned by the DTI's freeing of their export licences because previous shipments were thought by the intelligence services to have gone to Iraqi munitions factories.

Advising them how to deal with future orders, Mr Clark told them to draw up a specification with their customers which emphasised peaceful rather than military end-uses.

Where something was capable of dual use it was appropriate that the element which was within the government guidelines should be emphasised, Mr Clark told the London court.

He also agreed that it was then in the West's interests to sell defence-related equipment to Iraq since this would have reduced its dependence on the Soviet Union.

The trial continues today.

## Bank criticised over BCCI role

By John Gapper,  
Banking Correspondent

MR ROBIN Leigh Pemberton, governor of the Bank of England, yesterday endured a fierce cross-examination by MPs over the way the Bank supervised the Bank of Credit and Commerce International.

Mr Leigh Pemberton faced repeated questioning by members of the Treasury and Civil Service Select Committee over why he or another senior official of the Bank had not resigned over the report by Lord Justice Bingham into the BCCI affair.

He rejected criticism of the Bank's style of supervision as "passive and timid," and said it needed to retain experienced officials to improve regulation.

Mr Diane Abbott, the Labour MP, said BCCI showed "the amateurish, gentlemanly supervision" the Bank is noted for has failed.

A motion signed by yesterday by 91 Labour MPs, one

Ulster Unionist and one Liberal Democrat, also urged Mr Leigh Pemberton to resign.

Mr Leigh Pemberton said although the report by Lord Bingham criticised aspects of how BCCI was handled, he never makes the statement that the Bank was negligent.

The governor admitted the Bank should not have waited until the BCCI closure before tightening supervision. But he said he could not "take absolute responsibility for every bank" under the Bank's supervisory regime.

MPs criticised the Bank's failure in 1984 to force BCCI to accept a corporate structure that would have been easier to supervise despite debating a change for two years before approaching the bank.

But Mr Leigh Pemberton said the bank now accepted that a "direct, confrontational approach" was needed to deal with some of the 600 banks it supervised.



Under fire: Robin Leigh Pemberton rejecting criticism yesterday over BCCI

## Late payments hit industry

By Michael Cassell,  
Business Correspondent

BRITISH industry continues to be locked into a "vicious circle" of late payment of bills, made worse by the recession and endangering the survival of many businesses.

A survey of more than 600 companies by Trade Indemnity, the credit insurance group, shows in spite of moves aimed at changing corporate attitudes towards delaying payment of bills, the situation remains endemic.

According to Trade Indemnity, none of the companies it approached said they were typically paid on time, with the average payment made nearly

four weeks after it was due. Almost one quarter of the companies said they had to wait 90 days or more beyond the stated payment date while some recorded delays of up to 80 days.

Mr Clive Brand, Trade Indemnity's senior economist, said the survey highlighted a "cultural problem throughout industry from which no company or industry escapes".

He confirmed that smaller companies continued to be hit hardest but said overseas customers were also guilty of late payment. Increasing delays in payment by export customers cast a shadow over the expected trade benefits arising from the devaluation of sterling.

The survey suggests that the sectors worst hit by late payment include engineering, paper and printing, timber, motor manufacturing and chemicals. The average value of debts at least 30 days outstanding is now £120,000, compared with an average £102,000 in June.

In the last budget, the chancellor announced measures to help tackle the problem, including the financing of three pilot schemes within trade associations involving late payment "hot lines" for members.

Large companies will also have to state in their accounts how quickly they pay their bills.

## Government to proceed with bill to curb unions

By Lisa Wood  
and Alison Smith

THE GOVERNMENT, in an unexpected move, will today publish and give a first reading to legislation imposing further curbs on trade unions, including the right of citizens to take out injunctions against unlawful strikes.

The bill is also expected to pave the way for the abolition of wages councils, the statutory bodies which set pay rates for more than 2.5m workers in low-paid jobs.

Mrs Gillian Shephard, the employment secretary, said last week that the bill, expected to be brought forward this

autumn, was being postponed on technical grounds until later in the year.

The legislation, on which Tory MPs are united, could be a morale booster to the party and the government may feel it wants to be sure of the new powers relating to strikes and public services before the full impact is felt of any pay squeeze in the public sector.

Under the legislation, unions will have to give seven days' notice of strikes and individuals will have the right to join a trade union of choice regardless of existing arrangements by the Trades Union Congress.

## Power regulator infuriates MPs over coal

By David Lascelles,  
Resources Editor

The regulator of the electricity industry infuriated a committee of MPs at Westminster yesterday when he declined to take any direct role in promoting greater use of coal in power generation in order to save pits from closure.

Professor Stephen Littlechild told a House of Commons inquiry: "My job is to protect the electricity consumer. Responsibility for the coal closures lies with the Secretary of State for Trade and Industry and British Coal."

In the face of repeated questioning by backbench MPs on the trade and industry select committee, Prof Littlechild said neither the Electricity Act nor his understanding of the role of a regulator permitted him to prescribe what the UK's energy mix should be, or to dictate what power stations should be built.

Contrary to the perception that he could intervene in the electricity industry's decisions, he said his job was to remove obstacles in the market so that competition could determine which types of fuel were best.

His stand angered MPs. Tory MP Mr

Cranley Onslow described it as "a cop-out." They also professed amazement when Prof Littlechild said he had not met Mr Michael Heseltine, the trade and industry secretary.

Prof Littlechild would not be drawn on whether gas was unfairly taking market share from coal. Although many people claim that gas is more expensive than coal, he said there was also evidence to the contrary and the situation was not clear cut. There was no such thing as "a single price" for electricity.

He is currently conducting an inquiry

to ascertain whether electricity distributors are living up to their licence requirement to purchase electricity economically, and will report his initial findings in December.

MPs accused him of dragging his feet, and of producing a report that would be "too late". Prof Littlechild replied that he wanted to take as broad a view as possible of the electricity companies' purchasing practices.

"I want to make clear that my review is of the economic purchasing obligation, not a general review of the case for gas against coal," he said.

## Lender offers debt relief scheme as house prices fall

By Scheherazade Daneshkhu

ONE OF the UK's largest home loans institutions yesterday launched two schemes to help up to 1.5m people who are estimated to have mortgage debt which exceeds the value of their homes, as house price indices continued to fall.

Last month's 1.2 per cent fall in the Halifax building society index - 0.8 per cent after seasonal adjustment - follows a sharp drop of 3.1 per cent (2.9 per cent) in September. The index indicates a drop of 8.7 per cent in house prices over the past year.

The Halifax expected the 1992 pattern of monthly 1 per cent seasonal adjusted falls to continue.

It is calling on the government to lower base rates by at least two percentage points to 6 per cent and to introduce measures, particularly targeted at first time buyers, to achieve stable house prices in 1993.

One of the schemes launched yesterday by the Woolwich building society, the country's fifth largest mortgage lender, would allow people to use

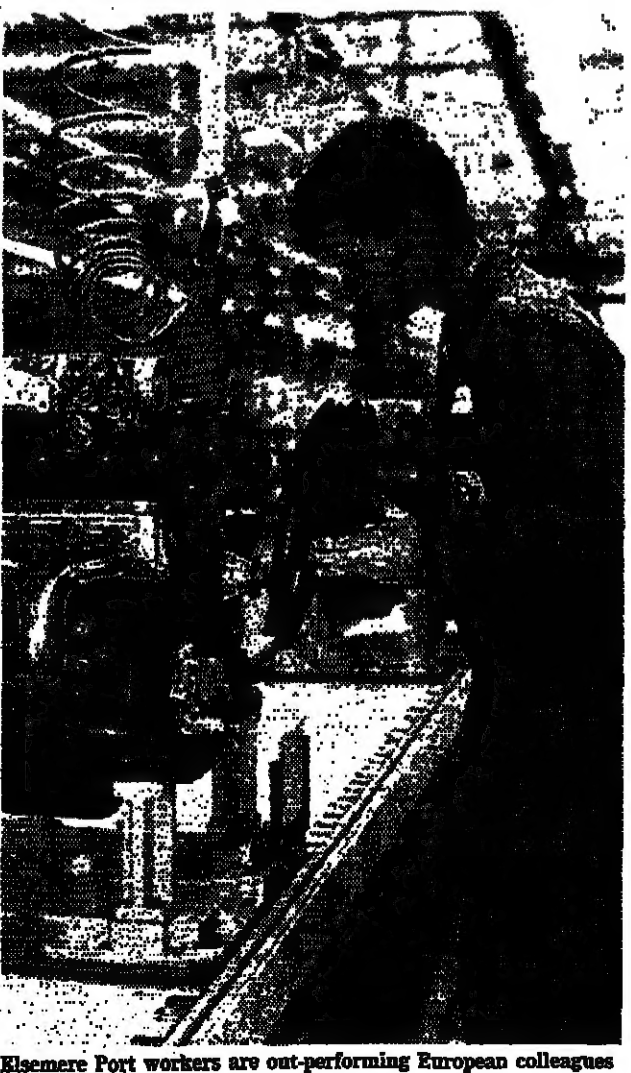
equity in their homes as security for part of their children's new mortgage.

Mr John Wrigglesworth, housing analyst at UBS Phillips & Drew, called it the most innovative initiative so far, and better than government efforts at easing the negative equity problem. These moves will increase pressure on the government to address the decline in the housing market in its Autumn Statement next week.

On Tuesday the Nationwide building society index recorded a fall of 3.7 per cent for last month, after a 1.4 per cent drop in September.

Mr Wrigglesworth attributed the sharp fall over the two months to the ending of stamp duty relief in August and expected house prices to fall at least another 5 per cent next year because of oversupply, unemployment fears and worries about further price falls.

In Scotland, the Royal Institution of Chartered Surveyors yesterday said the main concern of would-be buyers was job security, and that recent interest rate cuts had failed to spur people into moving.



Ellesmere Port workers are out-performing European colleagues

## GM Europe hails Vauxhall plants

By Kevin Done,  
Motor Industry Correspondent

THE VAUXHALL car assembly plants at Luton and Ellesmere Port are among General Motors' "lowest cost plants in Europe," Mr Louis Hughes, president of GM Europe said yesterday. He said both had a significant cost advantage over Opel plants producing the same cars in Germany and Belgium.

Mr Nick Reilly, director of the Vauxhall car plant at Ellesmere Port, north west England, claimed yesterday that since the devaluation of the pound the UK plant was producing a Vauxhall/Opel Astra for DM800 less per car than GM's Astra assembly plants in Bochum, Germany and Antwerp, Belgium.

The Luton plant, which assembles the Vauxhall Cavalier/Opel Vectra, had established a significant production cost advantage over GM's Opel plant at Rüsselsheim, near Frankfurt, even before the devaluation of sterling.

GM warned its German workforce earlier this year that it was costing DM750 more to produce a Cavalier/Vectra at Rüsselsheim than at Luton. GM is cutting the 18,000-strong production workforce at the German plant by around a third over the next five years

to combat high costs and remain competitive.

Speaking at Ellesmere Port, where GM yesterday opened its new £190m engine plant, Mr Hughes said absenteeism at the UK plants was below 5 per cent, compared with 10 per cent in Germany.

The two UK plants are General Motors yesterday started production at its £190m engine plant at Ellesmere Port, north west England, the biggest single investment by the world's leading vehicle maker in the UK, writes Kevin Done.

The plant will have capacity to produce 135,000 engines a year when it reaches full production in 1994-95 with a workforce of around 450.

The GM plant will produce a new range of top-of-the-line V6 engines developed in a four-year programme at the company's European research and

matching the quality levels of GM's continental European plants and have begun to export large volumes to continental European markets in the last two years. Productivity is still lower at the UK plants, but the gap has narrowed significantly, and they now have substantially lower total production costs as a result of much lower UK labour costs,

an advantage reinforced by the steep devaluation of the pound.

Mr Hughes said GM was planning to increase its purchasing of components in the UK - it has transferred the purchasing of around £200m worth of components a year to the UK in the last four years.

Mr Bill Ebbert, Vauxhall development centre at Rüsselsheim in Germany.

The investment at Ellesmere Port, which will be GM's sole source for the new V6 engines, marks a watershed for the US group's operations in the UK.

It reverses the 1984 decision to stop all car engine making in the UK. The V6 plant is the first instance of GM choosing to use the UK as sole source for a major component for its European vehicle operations.

The site was selected after fierce competition from Kaiserslautern, one of GM's leading German plants.

chairman, said the company's UK vehicle output was running at a record level and would increase by more than 14 per cent this year to 300,000 from 262,000 in 1991.

Vauxhall has maintained full-time working both at Luton and at Ellesmere Port during the recession in contrast to the prolonged short-time working introduced by

Ford and Rover in the UK in recent months.

GM remains pessimistic about the prospects for an early recovery in UK new car demand. Mr Hughes said yesterday sales were not expected "to be much higher than 1.8m" in 1993 compared with less than 1.55m this year and 2.3m in the peak year of 1989.

New car sales in western Europe would fall this year to 13.3m from 13.4m in 1991, said Mr Hughes, and "could be clearly under 13m" in 1993 "if consumer uncertainty continues".

Vauxhall yesterday launched a thinly veiled attack on Ford, the UK new car market leader for failing to follow its lead - since followed by Rover, Peugeot and Renault - in reducing new car list prices and dealer profit margins to reduce the need for new car buyers to haggle over a "fair price".

Mr Ebbert said "some manufacturers" were resisting change with the justification that reduced dealer margins had an adverse effect on used car residual values. "I believe that distress marketing with frequent price cuts is much more damaging," he said.

Ford has been forced to cut prices on selected models on several occasions in the past two years, largely in order to reduce stock levels.



## MAXWELL'S DEATH: THE FIRST ANNIVERSARY

■ Attempts to recover money stalled ■ Lawyers' and accountants' fees more than £30m ■ Most assets found by administrators

# Private empire consumed £1.686bn

By Bronwen Maddox  
and Andrew Jack

ROBERT Maxwell's private companies consumed nearly £1.7bn in a doomed attempt to survive during the last year of the tycoon's life.

The total is nearly double the estimates compiled four months ago when his two youngest sons, Kevin and Ian, were arrested. Most of the money went to banks to repay loans and pay interest on debt.

It is now clear that little is likely to be recovered from the Maxwell pension funds and the public companies - Mirror Group Newspapers and Maxwell Communication Corporation - which suffered combined losses of about £1bn in cash, assets and broken contracts.

Attempts to recover the money have stalled as lawyers prepare for highly costly legal actions expected to last several years. Lawyers' and accountants' fees incurred in unravelling Maxwell's legacy and tussling over the empire's scanty remaining assets total more than £20m so far.

Administrators of the collapsed companies, who have reconstructed more than 10,000 complex financial transactions, are now confident that they have located most of the assets.

Maxwell's private companies were a labyrinth of more than 400 separate entities, some of them no more than brass plates in offshore tax havens designed to shuttle money around the empire.

By the start of last year, nearly a year before his death, they were tottering under some £1.5bn of debt and could have collapsed without injections of cash from the public companies.

In total, the private companies repaid £500m of loans to banks last year and made £120m of interest payments. They also passed at least £400m of the assets flowing in to them - including property, shares from the pension funds and a stake in Berlitz, an MCC subsidiary - totalling more than £400m to banks.

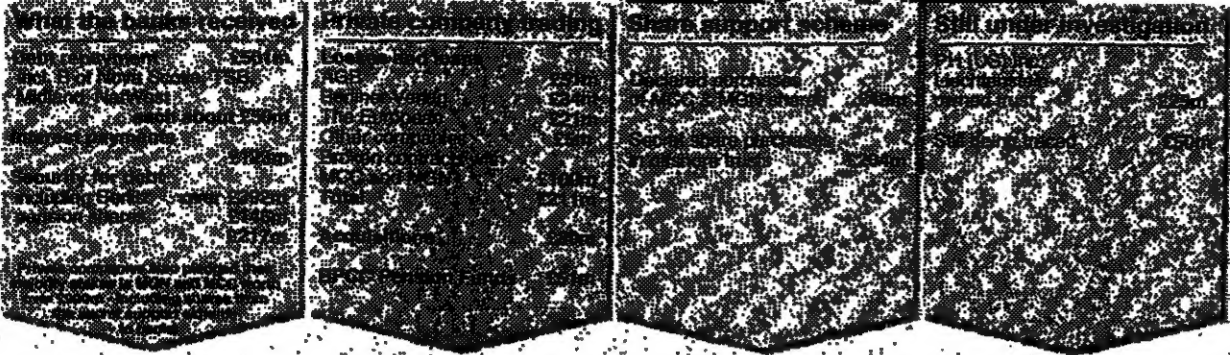
As the crisis increased

## Where the money came from...



## ...and where it went

(cash and assets consumed by the Maxwell companies in 1991)



through last year, the private companies also pledged much of their majority holdings in MCC and MGN, at one point worth more than £900m, to banks.

Next to the bank loans in significance, the greatest part of the cash was consumed in a series of alleged share-support operations, designed to prop up the value of the two public companies.

A small part of the share buying - £48m - was publicly disclosed as required under UK companies legislation. But the majority - £204m - was routed secretly through Liechtenstein and Switzerland, and Maxwell's control over the shares he bought was not disclosed. Those shares in turn were repledged to banks so more loans could be raised.

Losses in the private companies - including AGB, the market research company, and The European newspaper, which had been one of Robert

Maxwell's favourite business ventures - soaked up £11m. The private companies also struck property and financing deals with MCC and MGN that they were later unable to pay.

## Figures highlight fees

FIGURES SUBMITTED to the Commons social security select committee disclose just part of the total professional fees charged so far by accountants and lawyers in unravelling the Maxwell empire, Andrew Jack writes. They include:

• £25m in legal fees and £7m from Price Waterhouse, administrators to Maxwell Communication Corporation.

and the public companies have been forced to write off more than £100m against their profits.

In spite of the empire's financial crisis during last year, the

private companies scattered another £20m on acquisitions across three continents, mainly on property.

But investigators are still probing the exact destination

and is outside the direct control of administrators in the UK.

Public outrage and political pressure since Robert Maxwell's death have pushed the Liechtenstein authorities and lawyers into unprecedented openness, even though the principle of wealth has been built on strict rules of confidentiality.

However, Liechtenstein's Crown Prince said last week that the request for assistance from British authorities came only this September, even though he had offered co-operation early in the year.

Accountants have been quicker to gather information on the trusts, and are relatively confident that no hidden "pot of gold" remains.

Aside from small sums of cash, most of the assets were held as shares in MGN and MCC as part of the alleged share-support scheme and have been pledged back to banks.

The Maxwell Foundation, which owned PH (US) Inc, has already acted to change the directors of this company, and has sold one of its trading subsidiaries, Sphere Inc, a California computer games manufacturer.

Some of the money consumed consisted of £71m in dividends from MGN and MCC, and £229m in the disposal of stakes in a number of companies including Central TV and TFI, the French broadcasting company.

The private companies also consumed £37m in cash paid to Mr Maxwell by the former owner of the near-bankrupt New York Daily News to take the company off its hands.

Investigators have questioned the legality of much of the transfers of cash and shares from the pension funds and public companies. Some of the transactions they regard as unusual date back to 1989, more than two years before Robert Maxwell died.

The irregular transactions will be subject to long legal disputes, which will have to determine whether directors authorising the transfers could have known that the private companies were unable to repay the money.

Lawyers and accountants have come under intense scrutiny for the level of professional fees charged, although they argue that the courts and creditors are monitoring their bills.

Even so, a number of creditors have challenged the fees, and the US bankruptcy court recently refused to endorse the bills from one law firm involved in the administration of MCC for high charges made for paralegals photocopying documents.

Administrators are becoming increasingly selective in the pursuit of further recoveries, in case the fees incurred outstrip the assets to be realised.

The hopes of most of the pensioners for the long term rest with the work of the Maxwell pension unit headed by Sir John Cuckney, which has so far raised £6m in donations and £2.5m from the government.

# Family comes to terms with shifting fortune

Jimmy Burns and Raymond Snoddy on the Maxwell dynasty survivors

THERE will be a poignant reminder of the Maxwell family's shifting fortunes in the run-up to Christmas with two Sotheby's auctions of the contents of Headington Hill Hall - the Maxwell family home in Oxfordshire.

The sales - organised by administrators to Robert Maxwell's personal estate - will include classic vintage wines, paintings, and an assortment of memorabilia.

The combined sales are expected to raise about £1m - none of which is likely to end up in the hands of the family, although Mrs Betty Maxwell, the tycoon's widow, is arguing for a share of the proceeds. The auctions will be followed within months by the sale of the remainder of the Maxwell lease on Headington Hill Hall. The building belongs to Oxford City Council and the lease is being sold by PHL Estates, a private Maxwell company under administration.

In an interview with Vanity Fair magazine in March, Mrs Maxwell declared herself to be in "great financial difficulty". She said she had not salted away any money because she never thought her husband would leave her destitute.

Mrs Maxwell stands to make nothing from her husband's will. However, she is not destitute. She still owns a large chateau, reportedly valued at £3m, in Lot et Garonne in France, which she has firmly told administrators belongs to her. She has provided £900,000 to cover the legal fees of her sons.

In January she surfaced briefly to sue the magazine Paris Match for publishing photographs of her husband's autopsy. She has refused to give any interviews since the one with Vanity Fair, but is

preparing a book of memoirs. By contrast Pandora, Robert Maxwell's least favourite daughter-in-law, has put forward an image of family resilience in a series of public declarations.

"The only image my children have of prison," said the wife of Kevin Maxwell recently, "is when they went to see the Wind in the Willows and saw Tootie languishing in jail. They hero-worship their daddy. The pressure is enormous..."

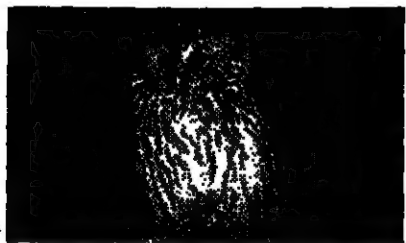
Her husband has kept both his sense of humour and equanimity in spite of the criminal charges he is now facing. He is negotiating a publishing contract for a book on the effects of bankruptcy. There will be only one chapter on his own experience.

Kevin and his brother Ian - who also faces criminal charges - abandoned an attempt earlier this year to set up a \$10m media investment fund. Kevin, who subsequently signed up briefly as unemployed, decided to take himself off the register and seek work as a consultant. He and his brother Ian have moved into an office in central London.

In an affidavit sworn after his father's death, Kevin valued his assets at £1.6m and admitted to debts of £1.75m. Over the last year he has sold his London home and his Morgan car. He and Pandora live in her converted barn in Oxfordshire and their three children go to a local private school - with fees, estimated at between £2,900 and £5,000 a term, being paid by relatives.

Ian still lives in the Belgravia house he occupied at the time of his father's death. But he is losing a £12.5m chateau in France he owned with Kevin and their respective wives. Bankruptcy trustees are preparing to put it up for sale.

When  
you're  
choosing  
a  
financial  
partner,  
what  
do  
you  
look  
for?



Will you want the expertise and far-sightedness that keeps you ahead in the markets?  
Or the strength and stability offered by an organization long on tradition?  
At Dai-ichi Kangyo Bank, we have both. We were the first bank to be established in Japan, and are today the country's largest.  
We have massive resources to call on. And the broadest range of services available.



Yet we are the first to recognize the importance of each individual, and the value of every business partnership. In Europe and around the world, the speed of our reactions combined with our sense of traditional values gives us an edge you can rely on. When the choice of financial partner is yours, choose wisely. Yours should be the most reliable partner there is.



Your most reliable partner  
**DAI-ICHI KANGYO BANK**

Head Office: 1-5, Uchibashi-cho 1-chome, Chiyoda-ku, Tokyo 100, Japan Tel. (03) 3500-1111

Network in Europe and Middle East: Branches in London, Düsseldorf, München, Paris, Milano, Madrid  
Representative Offices in Frankfurt, Berlin, Stockholm, Brussels, Bahrain  
Subsidiaries in Europe: Dai-ichi Kangyo Bank Nederland NV, Dai-ichi Kangyo Bank (Schweiz) AG,  
DKB International Public Limited Company, Dai-ichi Kangyo Bank (Luxembourg) S.A.,  
Dai-ichi Kangyo Bank (Deutschland) AG

"Double points from October 25 to December 15."

"Christmas is coming early this year."

KLM is playing Santa Claus. Because this autumn, KLM's 'World of Difference' loyalty programme offers you double points on all European flights of KLM, KLM Cityhopper and Air UK.

For free tickets to some 450 worldwide destinations served by KLM and its partners. Or for one of those special awards like a piano master class in Vienna or a cooking course in Paris.

So, if you're not a 'Flying Dutchman' member yet, return the entry coupon today and join up to collect your double points this autumn.

✈️ AIRUK NORTHWEST AIRLINES ✈️ KLM's Flying Dutchman 'World of Difference' programme is operated jointly with Air UK and Northwest Airlines.

YES! Rush me all details of KLM's 'World of Difference' today!

Name \_\_\_\_\_ m/f

Address \_\_\_\_\_

Town \_\_\_\_\_

Postal Code \_\_\_\_\_

Country \_\_\_\_\_ A/B

Return in stamped envelope to: KLM Flying Dutchman, P.O. Box 10156, 2130 CD Hoofddorp, The Netherlands.

The Reliable Airline **KLM**  
Royal Dutch Airlines



## HDTV hits the screens

BC engineers and Thomson-CSF Laboratories in Rennes, France have been demonstrating this week that at least one digital high-definition television (HDTV) service can be broadcast on a standard eight-megahertz (MHz) channel used for today's non-satellite TV.

A digital television signal was broadcast from a low-power transmitter at the BBC's Crystal Palace mast in London.

The signals were received at the BBC's Engineering Research Department and at a number of other test sites in south London and Surrey.

"This was a real test that demonstrated that this system will work within a normal television channel," Henry Price of BBC Engineering said yesterday. He described the test as a significant step on the way to HDTV, which offers high-quality pictures if used with a special television.

The compression techniques, along with the transmitting and receiving equipment, were developed by Thomson-CSF to convey about 60 Mbits of information in a single conventional channel.

The BBC believes that by combining the techniques with digitally compressed television pictures it would be possible in principle to transmit two HDTV lines in a single eight-MHz channel.

If the techniques are used to broadcast conventional TV pictures rather than HDTV pictures some engineers believe up to four channels could be broadcast in the capacity now occupied by a single channel.

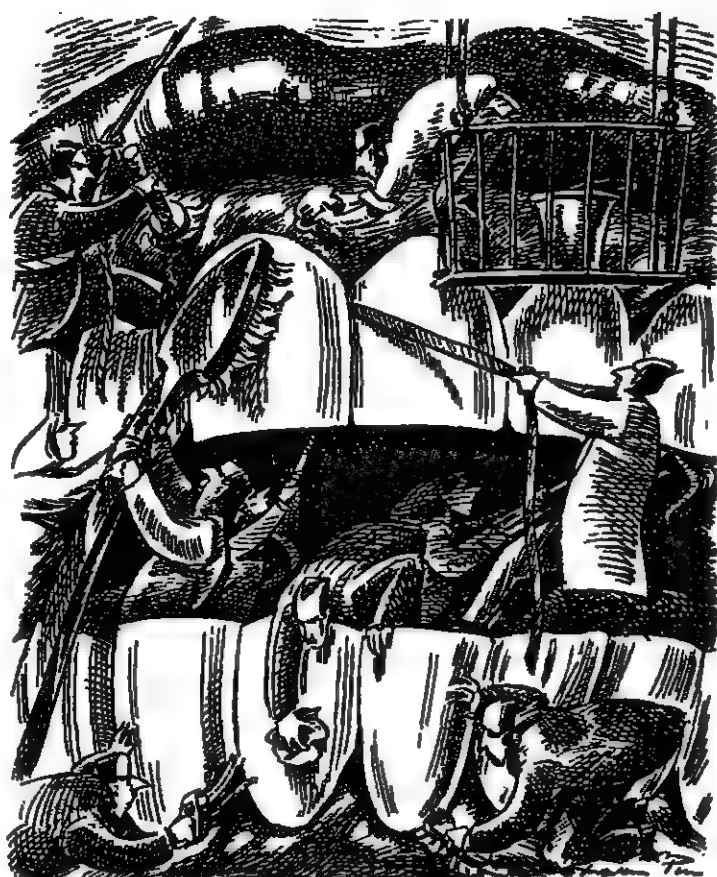
National Transcommunications, the privatised transmitter and engineering arm of what was the Independent Broadcasting Authority, has also been carrying out compression work under its Spectre project. Spectre has shown that digital channels can be broadcast alongside existing terrestrial services without causing interference.

Because viewers will need decoders to receive either HDTV or a wider range of new compressed channels, engineers suggest that it may take until the end of the decade before fully commercial services are launched using the technology.

Raymond Snoddy

Victoria Griffith describes why companies are putting a new shine on dental products

## Brush up on gums



the gums," Burbank explained.

Colgate has also jumped on the bandwagon by introducing its Precision toothbrush brand, which has a triangular head. Once again, the goal is to brush between the teeth. One new toothbrush, Oral-B's Indicator, is aimed at encouraging Americans to replace their toothbrush more often.

"The American Dental Association recommends replacing your toothbrush every three months," Archibald points out. "But most people buy a new one once a year. By then the bristles have frayed and may start to damage gums."

The idea behind the Indicator is

simple. A row in the middle of the brush is coloured blue with a food-based dye. When the colour fades half-way down the bristle, the marketing slogan explains, it's time to get a new toothbrush.

Electric toothbrushes have also experienced something of a renaissance. Braun makes a new product called the "Flac Remover", with a round head which moves back and forth. Bausch & Lomb has put out the "Interplak", an electric toothbrush whose individual tufts rotate in different directions, and Panasonic and WaterPik have introduced similar products.

Dental floss is also being made

more appealing. Although flossing is considered essential for the effective prevention of gum disease, a study by the American Dental Association shows that only 44 per cent of Americans floss daily.

The reason, manufacturers feel, is that many people find floss difficult to use. Sulca, a Canadian company, has taken advantage of this hole in the market by introducing what it claims is a substitute for flossing - a stimulation brush.

The brush, which was tested with encouraging results by Columbia University, consists of a single tuft of bristles, pointed at the tip and placed in a rubber base, for easy insertion between the teeth.

"This product works better than dental floss in massaging the gums," said Ira Florence, Sulca's sales director. According to the American Dental Association, mouthwash has been even less successful a product than floss, with just 16 per cent of the country's population using it on a regular basis.

Mouthwash manufacturers have been taking advantage of the new concern about gum disease by pointing out that mouthwash is an effective combatant. The problem is that many people do not like the taste.

To make the product more amenable, Warner-Lambert has introduced a variation on its Listerine brand. Its new mouthwash "maintains a balance of thymol, menthol, eucalyptol and methyl salicylate, while making it taste more like mint". According to Ray Le Febvre, president of the company's consumer health products group: "Through a patented process, our scientists identified the formula to enhance the taste, yet maintain therapeutic efficacy."

Although preventing gum disease is the industry's main focus, scientists have been working on other innovations as well. Johnson & Johnson has just launched "synthetic sapphire braces" for general orthodontic use.

"Synthetic sapphire is the second-hardest metal known to man," said Christiansen, product director at the company. "These braces don't stain, and because they are clear, they blend with tooth colour."

Other products consumers can expect to see on the market soon are improved artificial teeth and desk-top computer systems that will show the impact of orthodontic plans to patients before treatment begins.

The National Institute of Dental Research is also financing the development of a new fluoride and calcium phosphate mouthrinse for the market. As people hold on to their teeth longer, industry experts believe dental care products will continue to be a growing market.

## Making tracks in the freight industry

By Andrew Baxter

Access to electronic trading systems - not for dealing in shares, but for such purposes as electronic mail, bulletin boards, and electronic data interchange (EDI) - is increasingly important for many business sectors. For the hundreds of players in Europe's fast changing freight industry, however, it is becoming a question of survival.

Tackling the problem without the technical or financial resources to make the right decisions on an integrated electronic trading system can be a nightmare for smaller companies, and is no easy task either for their bigger counterparts.

Over the past year the British International Freight Association has stolen a march over its European rivals with the launch of BIFAnet, an electronic trading service developed jointly with General Electric Information Services (GEIS), a division of General Electric of the US.

The freight industry is a classic example of a sector where electronic trading can produce more efficient links between shippers, forwarders, carriers, traders and consignees. "We're focusing in on an enormous paper chain," says Geoff Brickell, UK sales development manager at GEIS.

BIFAnet is a unique development for a trade association in the international trade and transportation sector, according to Jim White, BIFA director-general. "The future of freight intermediaries will depend on having control of information that relates to the supply system. If they don't they may end up being cut out of the loop altogether."

Freight forwarders have to communicate with all members of the supply chain, and are moving information around for every shipment. But with half of the 900 members employing 10 people or less, they were looking to the association for a modern electronic solution.

With software designed by the

association, BIFAnet uses the EDI, E-mail and bulletin board services provided via the GEIS global network to provide an integrated electronic trading service. "It's a stepping stone to paperless trading," says White. "If members had no computer technology before, they now have access to the world's largest EDI network for less than £2,000 for the hardware and software."

BIFAnet was launched last November, but began to get going in May and June. About 60 members are now signed up, and White hopes to reach a target of 100 by the end of the year.

The launch was timely, ahead of the Single European Market reforms which could put further pressure on smaller players in the freight industry. There has been keen interest in the system from other European freight trade associations, says White.

GEIS, which sees its mission as providing value-added services to enable electronic commerce to function, identified the transportation sector as a new worldwide opportunity three years ago, says Brickell.

But GEIS is also keeping a close eye on other high-volume sectors where relationships are becoming more complex as manufacturing patterns change, or where companies are altering their distribution methods in line with the Single Market.

The network of component manufacturers, distributors, contract manufacturers and customers in the electronics industry is a case in point. The industry, rather aptly, is finally coming round in a big way to electronic trading, says Brickell.

And as more companies in such sectors start trading electronically, users may feel less need for the "belt-and-braces" approach now prevalent in much of industry.

Each EDI transaction may in itself be highly efficient, but is usually accompanied by between three and eight associated communications - phone calls, faxes and queries - which may not strictly be necessary.

## PEOPLE

### Morgan Grenfell tempts former ambassador



Sir John Whitehead, British ambassador to Tokyo for the past six years, recalls how, in the early 1970s, a group of his PCCO colleagues chose to move into City "merchant" banks which were looking to spread their wings internationally. "I was slightly tempted at the time and, if I had gone, it might well have been to Morgan Grenfell."

Now Sir John, who retired in August, is this week taking on the role of senior adviser to the Morgan Grenfell Group, pursuing "what he describes as 'almost a sentimental attachment as well as a nice offer'". His elder son, Simon, who happens already to be at Morgan on the international banking side, recently returned from

two years in Moscow. Other senior advisers to Morgan Grenfell include Lord Pennox, former deputy chairman of ICI, and Sir Peter Carey, former permanent secretary at the DTI.

In what he says will be the largest commitment in his new incarnation in the private sector, Sir John will initially be advising the group on Japan, a country in which he has lived for a total of 17 years.

But he thinks he can be of use in a much broader role, with an input into business in the whole of the Asia Pacific region as well as gradually in Europe.

"His name will embellish the notepad but we also expect him to do a lot more," says

Michael Dobson, Morgan's chief executive.

Usefully for Morgan, which is now owned by Deutsche Bank, Sir John speaks German, having spent four years in Bonn as well as having read the subject at Oxford. He says he has yet to meet Deutsche's boss, Hilmar Kopper.

A tireless promoter of UK-Japan trade - the ex-ambassador points out that during his tour Japan moved from being the UK's 16th to its ninth best export market (after the US and seven European nations) - Sir John is also advising the President of the Board of Trade on British export policy as well as helping the Welsh Development Agency with its inward investment programme.

### Departures

The resignation of Kenneth Jackson as director of corporate affairs at Tarmac provides further evidence that the firm's construction and building materials group is under new management.

With Neville Simms, group chief executive, firmly in the driving seat at the group's newly Hilton Hall headquarters in Staffordshire, Jackson's departure reflects his close partnership with Sir Eric Mountain, the colourful Black Country boss who steered Tarmac to success in the 1980s.

Earlier this year, however, against a backdrop of collapsing profits, Mountain agreed to step aside to become part-time chairman. Jackson, with Tarmac for 16 years, played a big role in its expansion and helped lead the fight to win a channel tunnel contract. He cites "managerial and procedural changes" as the reason for his departure and is being replaced by Sean Bruin, formerly investor relations director at Dowty.

Tony Pexton, production and engineering director of COTTISH POWER, is to retire at the end of the year. Rex Baker has resigned as finance director of GIBBS REW. Graham Maw has left DMOOND HOLDINGS. Ian Bennett has resigned as a director and is on sick leave. James Langford has retired from COSTAIN GROUP. David Maroni has resigned from ACORN COMPUTER GROUP.

### Facilitating at McDonnell Douglas

Peter Smith, a computer industry veteran of 25 years' standing, has been given the task of building McDonnell Douglas Information Systems' share of the UK's fastest growing data processing business.

Now 49, he has been appointed director of the US company's facilities management business based at group headquarters in Hemel Hempstead, returning to the UK after a tour of duty as general manager of MDIS' Australasian operations.

Facilities management, in which a company agrees to contract out its data processing operations to a computing services company for a fee, has become one of the hottest top



ics in data processing as companies retreat from services activities to concentrate on their core businesses. Some estimates put the potential for growth in the market in the

UK at at least 30 per cent a year.

The UK market leader is Hoskyns, owned by CGS of France, but MDIS already has some 10 contracts each valued between £0.5m and £7m. It aims to concentrate on areas it knows well - local authorities, central government, the police and health services (it was a runner-up in the London Ambulance Service contract) - rather than large general FM contracts.

Smith has spent his life in the services business, having trained in hotel management ("so I cook and drink wine very well"), before moving into the computer business with posts in NCR and Honeywell Bull.

Winston Fletcher has been nominated to succeed Martin Boase, chairman of Omnicon, as chairman of the Advertising Association; following the expected ratification by the AA council, Fletcher will take over in December. Fletcher has been in advertising since 1969 when he started out as a trainee copywriter with Ogilvy and Mather.

A philosophy graduate, Fletcher is chairman and eponymous co-founder of the advertising agency Delaney Fletcher Slaymaker Delaney and Bozell. With the approach of the European single market,

Fletcher will need all the stoicism he can muster as the European Commission proceeds to tighten up pan-European legislation affecting advertising.

An invitation to Leipzig, to learn the newest meaning of:

# MADE IN GERMANY

BUSINESS CONGRESS • BUSINESS FAIR

Throughout the world, "Made in Germany" stands for excellent work and high product quality. While previously this image only applied to West Germany, it now holds true for products from the eastern part of the country, too.

"Made in Germany" has taken on a new dimension. Come to Leipzig and see for yourself! The Treuhandanstalt invites you to take part in a Business Congress and a Business Fair. Approximately 200 Treuhand companies from the investment goods and suppliers industries will be presenting themselves and their products from 3rd to December 5th 1992 at the Messeplatz in Leipzig, where they'll prove their competitiveness on the international stage. Find out

what "Made in Germany" can mean for you. Your new business partners are expecting you.

For further information and registration please contact:  
Treuhandanstalt,  
Detlev-Rohwedder-Haus, Leipziger Straße 5-7, D-1080 Berlin.  
Telephone Congress Office:  
Germany-30-31 54-10 22, -30-31 54-13 36, -30-31 54-47 83  
Fax Congress Office:  
Germany-30-31 54-26 43, -30-31 54-26 51, -30-31 54-26 62

Congress package DM 280.  
All-inclusive fair ticket DM 30. / One-day ticket DM 10.

Treuhandanstalt



## MANAGEMENT: MARKETING AND ADVERTISING

Karen Zagor and Gary Mead look at the new-found respectability of so-called 'infomercials'

## Illumination from the stars



Celebrities can earn about \$250,000 for a role in a television infomercial, plus a percentage of sales. Infomercial stars include (from left) Cher, Martin Sheen, Jane Fonda, Larry Hagman and Victoria Principal

Insomniacs will be forgiven for thinking they are having nightmares when faced with the late-night television image of Dionne Warwick offering a direct line to psychics through the Psychic Friends Network.

Only marginally more disconcerting is the sight of Michael Landon, the "Bonanza" and "Little House on the Prairie" actor, touting the benefits of a study-aid video series called "Where There's a Will There's an A". Landon died last year.

The growing celebrity presence in infomercials - a form of direct response marketing generally presented in the format of half-hour television talk shows or news programmes - bears testament to the medium's new-found respectability after languishing for years in the nether world of advertising. Product sales through infomercials are estimated to be at least \$500m (£506m) this year, and may run as high as \$1bn.

Infomercials in the US began in 1984 when the Federal Communications Commission (FCC) deregulated the amount of time that broadcast stations could dedicate to advertisements. They quickly became a popular forum for advertising dubious products such as miracle cures for baldness and impotence.

So prominent were the charlatans in the infomercial sector, that they threatened the industry's survival. There have been dozens of lawsuits brought by the Federal Trade Commission (FTC) and consumer advocate groups alleging deceptive advertising.

As a result, the industry set up an internal watchdog agency, the National Infomercial Merchandising

Association, in 1990. It offers guidelines against deceptive practices, endorses legitimate producers and reports violations to the FTC. Infomercial makers have also started to employ euphemisms such as "long-form marketing programmes" and "direct response television" in an attempt to distance themselves from their disreputable past.

The very format, however, presents problems by blurring the line between advertising and regular television programming. "I thought I was watching a cooking show," said a colleague, who ended up buying an authentic, hand-hammered

wok. "I was tired and it seemed cheap."

The recession's impact on the US entertainment industry may explain why late-night TV viewers now see Larry Hagman and Cher discussing haircare products. Celebrities can be paid about \$250,000 for a role in an infomercial, as well as receiving a percentage of the sales. It is estimated that Cher was paid about \$1m for her part in selling "Aqua-entals" haircare products.

Money is not the only lure. Martin Sheen reportedly is unpaid for his performance in an infomercial for "Personal Power" self-help tapes because he believes in the product.

Jane Fonda uses infomercials to promote her step work-out and Victoria Principal uses them to sell her skin-care line.

Advertisers are drawn to infomercials by the low cost - a 30-minute infomercial can cost roughly the same as a 30-second network advertising spot because of differences in production and airtime costs.

The industry is hoping to cement its legitimacy by attracting more mainstream players. Saatchi & Saatchi last year formed a partnership with Regal Communications, the largest US infomercial producer, to study infomercials, but the venture has yet to sign any of Saatchi's

leading clients.

A number of large advertisers have also experimented with the infomercial format. Earlier this year, Volvo ran an infomercial on safety in southern California, but the company decided the response was not strong enough to air its infomercial nationally. Similarly, Club Med has decided to stick with its traditional 30-second advertising format after a brief foray into infomercials this year.

While the prospects of luring a significant number of large advertisers to the infomercial arena remain dim, at least in the short-term, the prospects are good

for industry growth overall thanks to the rapid expansion of US cable television systems.

Direct response marketing via television infomercials is also making inroads into the increasingly complex world of European media. One of the companies leading the fray is Quantum International, a subsidiary of National Media, based in Philadelphia.

Quantum is licensed by the UK's Independent Television Commission, and currently broadcasts programmes via three European channels: Lifestyle and Screensport (both on the Astra satellite) and Super Channel (on Eutelsat). Their

footprints extend from Scandinavia to north Africa, from west Europe to Russia and beyond. The three channels are each reaching up to 30m homes.

Quantum takes programmes produced by its US parent and re-edits them for European use. But it is branching out into producing its own infomercials which, in turn, will be taken by National Media.

Infomercials broadcast across Europe face big obstacles which their US counterparts need be less concerned with: language and cultural differences, a plethora of legislation affecting product claims, advertising and packaging, which vary greatly from country to country.

According to David Carman, Quantum's president: "Europeans seem to demand a higher standard of packaging, quality, value for money and service than American audiences. All instructions (on the products) must be translated into all languages; products must meet all regulations whether EC or local; and our programmes are dubbed into different languages, currently German, French, Dutch and Swedish."

Several factors are likely to influence the growth of infomercials in Europe. Commercial development of digital compression will mean more air time is available on existing satellite broadcasting becomes more cluttered and fragmented, advertisers will need either more sophisticated research or much larger budgets to ensure they are reaching their putative purchasers. No one is forecasting a return to the high-spending television advertising budgets of the early 1980s.



STRANGE BUT TRUE: HE HAS A BIGGER FOLLOWING THAN HOLLYWOOD STARS

How does a short chubby manager of a small supermarket attract over 12 million devoted fans? By being in Coronation Street. A third of the total UK population keep Reg and his neighbours at the top of the ratings, seven times a week. With our commitment to quality we're confident we can continue to keep them all to their sets. Maybe the residents of Beverley Hills should consider seeking Hollywood for Weatherfield.

ITV



## All present and correct

Kate Button reports on the American way of giving

While plant and flower sales slumped last year in the US, another section of the gift market is flourishing: sales of customised baskets and hampers filled with collections of assorted goodies have increased by 30 per cent. Personal shoppers spend, typically, between \$30 (\$18.40) and \$50 each on baskets which may be filled with toiletries, children's toys or gourmet foods.

At a corporate level, there appear to be few limits on expense or zany. Birthdays, promotions, new company members and corporate anniversaries are celebrated far more enthusiastically than they are in, for example, the UK, and provide gift basket companies with about half their business.

For the last two years, the US magazine Entrepreneur has named the gift basket industry as one of its top 10 business opportunities. With low start-up costs, low risk and low overheads, gift baskets have made an ideal cottage industry. The idea has yet to take off in the UK, where large groups such as Body Shop and Fortnum and Mason dominate the basket and hamper scene.

Many of the gift basket success stories are the result of women's efforts to find a part-time occupation to supplement income.

In many cases working women have relinquished full-time jobs to meet the demands of the booming cottage industry. Many have found it necessary to recruit several employees to handle inventory, computerisation of orders and delivery.

Elizabeth Skelton, associate editor of Gift Basket Review, a national bi-monthly magazine, has been monitoring the industry in the US for several years. Her publication has calculated that the average annual income from assembling gift baskets is now more than \$77,000.

"The downturn in the economy has actually helped the gift basket business," says Skelton. "The shopper is looking for increased value for money today. Even in a recession people have anniversaries, birthdays and Christmas gifts to buy. Customised baskets solve holiday shopping problems and have immense 'leave behind' value."

Lynn Malotto of Rancho Mirage, California, began her business by producing a single basket for a friend at a cost of \$17.50, which she sold for \$35. In 1991 Malotto's company, The Ultimate

Basket, grossed sales of \$125,000. "People don't have time to shop for gifts," she says.

Niche marketing reaps even greater rewards, as Terry August discovered. A home-based operation, founded in 1987, PencilFull of Los Angeles creates extravagant gift items for the rich and famous. Specialties include baskets made for the casts of Ghost, Star Trek V and Twin Peaks.

August's favourite creation is a violin case stuffed with mafia theme items, red wine and single-stemmed red roses for the crew of Godfather III. PencilFull grossed sales in excess of \$700,000 last year.

"I started the company as something to do from my house," says August. But when a mailing she sent to friends and acquaintances turned up an order for 200 baskets from one company alone, August knew she had more than a part-time hobby on her hands.

Bobbi Cooper, founder of A Basket Affair, based in Portland, Oregon, travels the country giving demonstrations on how to put baskets together. It was this talent that landed her the entire gift-giving account of Nike, also based in Oregon. By researching the company and then presenting carefully targeted products to almost every department individually, Cooper won the Nike corporate account which keeps her busy all year round.

At the most extravagant end of the scale, Skelton says she has heard of one company that created the ultimate car enthusiast's basket: "They filled a car with automobile paraphernalia and tied it up with a bow."

More commonplace are the baskets sold by companies like Snookies Cookies store. Products range from \$30 to \$300 for a more elaborate gift with champagne, gourmet foods and designer confectionery.

Says Crispin Gorman, manager of the store in San Francisco, California: "We use tea caddies, coffee jars, cookies, candies, chocolates, even some personal items provided by the customer which are particularly relevant to the recipient."

The Los Angeles branch of Snookies does extremely well with the Lover's Basket. At \$15.95, the customer gets a pair of plastic handcuffs, a feather, some massage oil, a packet of condoms and a "lover's manual".

"It does particularly well at Valentine's," says Gorman.



## Dance 'Very' Burrows

Under the uncommunicative title of *Very*, Jonathan Burrows marks the debut of his own Dance Group in the harsh world away from the Royal Ballet. Burrows is talented, of that there can be no doubt. From his earliest solos more than a decade ago, he proposed an offbeat and unexpected view of dancing. His recent pieces – especially *Very* – morning, cloudy, *mid*, *Hyms* and *Sticks* – have revealed a dance language markedly original in its ability to expose feeling, the sheer bloody awkwardness of life, and the distress that lies just under the skin of social behaviour.

What then to make of the new *Very* which was seen at The Place at the week's end. It is more "difficult" and more hermetic than anything Burrows has shown us before. I am tempted to call it *Very Uncommunicative*, because – great admirer of Burrows though I am – I was puzzled by procedures that seemed to me wilfully alienating. It would be foolish to ask for narrative coherence – this is not Burrows' aim – but his earlier works spoke far more allusively yet potentially of relationships, of the difficulty of being.

Very takes place in an arena of light-balls at ground level; it involves Burrows with two favoured dancers, Deborah Jones and Lynne Bristow, and the composer Matteo Fargion. Fargion's accompaniment is a sequence of banalities, sung and played from an electronic piano which is manoeuvred over the dance area as part of the action. The text (largely inaudible) sounds like extracts from an ancient English/Bulgarian phrase book. The dance stresses similar banalities – crawling, stamping, fighting, slapping, running, embracing – shown in deliberately raw fashion.

These are the elements of a human drama, the *dispositio* members of emotion, which Burrows offers to us as pieces of a jigsaw that we are (I imagine) expected to put together. Or perhaps not. If Burrows' thesis is that life is made up of mad and unrelated moments, of ceaseless brutality and fatality, of irrational breakdown and anguish, then to present it in a London theatre is an act of supererogation. Life is even nastier outside, and even more disjunct than this choreographic text. Of course, there are rewards: in the bravura performances by the dancers, and – most exasperatingly – in the hints of a larger shape, as Burrows and Lynne Bristow play to each other throughout the piece like a couple trapped in a relationship.

In ducking away from meaning, Burrows is true to his choreographic process, but I think he betrays his material by making it so difficult to assess, so closed. It is as if, like the exquisitely tiresome Indian Church experimentalists in New York 30 years ago, he is re-inventing theatrical movement from its most ordinary elements, and purging drama of its conventions. Ultimately, *Very* is a meal where we are given the ingredients rather than the finished dish. Unsatisfying. Very.

Clement Crisp

Actor Daniel Day-Lewis has developed a hyphen in his name. This was the first thing to worry me about Michael Mann's frontier epic *The Last of the Mohicans*. The second was that it is "based on the novel by James Fenimore Cooper and the screenplay by Philip Dunne."

For the aesthetically alarmist, "Cooper-Dunne" spells more trouble than "Day-Lewis". Both hyphenations originate in Hollywood's attempt to make life easy for dimwitted audiences. Just as three names are judged *de trop* for an actor playing a backwoodsman, so Cooper's majestic novel, full of provocative contraries like pro-British jingoism and hints of miscegenating romance (between white Colonel's daughter Cora and the young Mohican Uncas), must be ironed into a straight-arrow adventure.

Philip Dunne wrote the 1986 movie which turned Hawkeye into a sort of frontier Tarzan. Chingachgook's adopted son rather than boon companion – and then WASP-ishly transferred the love affair with Cora from red man to white man. Let us take the film on a line-item basis. It looks magnificent. No hint here of the designer pencils Michael Mann brought to his best-known screen credit *Miami Vice*, nor of the high-line futurism he applied to his features *Thief* and *Manhunter*. The Adirondacks, circa 1757, are photographed by Dante Spinotti as a green and steaming blur of forest and mountains, mist and waterfalls. Down in the sylvan pathways are Cora and Alice Munro (Madeline Stowe, Jhodi May), being escorted towards Dad's fort by British officer Duncan Hayward (Steven Wad-

dington). Camouflaged amid the trees, ready to ravage or rescue, are the heinous Hurons (pro-French) and the nice Mohicans (pro-Brit).

As Hawkeye, Day-Lewis sports ripple-length hair, a fetching scowl and an American accent. He is impenetrable, but in this film that is an asset. He stands aloof from the flag-waving political correctness of the first half, where a uniformed man is a blot on nature and Chingachgook and Uncas are scripted for silent monologues of noble savagery. And in the second half Day-Lewis's sculpted, glowering impassivity is even more crucial. Anything more fulsome would have spotlighted the silliness of the romance and its visual consumption in a waterfall-curtained cave. Here Hawkeye and Cora hurtle forward in love at each other before Hurlis himself – the movie's most conspicuous moment of daff bravado – out through the liquid curtain into the exploding cadence of foam.

But the higher it climbs, gesturally and geographically, the grander the film becomes. It is clean out of oxygen, but after the early right-mindedness we cheer the new light-headedness. No more pesty about man versus nature or colonisers versus colonised: just man versus man, in blurring permutations of race and colour, on heaving precipices and giddy crags. Nor is woman lost in the melee. Madeline Stowe, whose tremulous mezzo-vocal beauty had critics marking their cards

Cinema/Nigel Andrews

## Noble savagery

In *Unlawful Entry*, lends a sterling terror to Cora, and Jhodi May has an unforgettable poignant moment as she teeters above a suicide fall.

By this time, of course, Fenimore Cooper's own story has smashed and unrecognisable at the bottom of the valley. As a fan, I mourn. Cooper's prose may be famously ponderous, but a film is still to be made that does justice to his darkly

THE LAST OF THE  
MOHICANS  
Michael Mann

SIMPLE MEN  
Hal Hartley

LONDON FILM  
FESTIVAL

winding storytelling and to the ambivalence of Natty Bumppo, that sage and savage once dubbed by Balzac literature's "moral hermaphrodite." (Even the name is grafted for this movie: he is "Nathaniel Poe"). But Mann's movie, by the time it starts moving, is at least a romp. Already \$50m to the good in America, it joins Clint's Eastwood *Unforgiven* in suggesting that the long-preserved dead Western may be clambering out of its coffin even as we speak.

Like *The Last of the Mohicans*, Hal Hartley's *Simple Men* is about two siblings seeking their father. Only they are brothers not sisters and they

drift south-easterly into Long Island rather than carving up New York State. With tomahawks replaced by Tacitean dialogue, the only red man in sight is the cranky jail-escaped ex-radical father.

I wanted to like the film. Hartley's first two features, *The Unbelievable Truth* and *Trust*, were riddling tales of criminal and romantic passion set in Newherville, US. Non-sequitur dialogue was played against sweetly vestigial plot suspense, rather than as if Samuel Beckett had been brought in to script a small-town soap.

But in *Simple Men* the pretensions have grown large and everything is big with self-mocking mystery. Failed bank robber Bill (Robert Burke) links up with bookish brother Joe (William Sage) as they roam their semi-rural Ulster. There: a place of strange women (innkeepers, Romanian epileptics, chain-smoking nuns), strange colour co-ordinations (Hartley never travels without a suitcaseful of filters) and strangely irritating manic provocations.

"There's nothing but trouble and desire," says someone. "There's nothing like a machine to make a man feel insignificant," says someone else. And there's nothing more tiresome than a movie that asks its own audience to join in its search for a plot and purpose. *Simple Men*, I suspect, is working out some filial problem of Hartley's that never communicates itself to the filmmaker: except as an obscen-



Glowing impassivity: Daniel Day-Lewis in 'The Last of the Mohicans'

rantist version of that old chestnut about the love of a good woman (or even a bad one) liberating the child from the tyranny of the parent.

With the London Film Festival beginning today, long tentacles of celluloid are reaching towards us from the South Bank. We have already hinted at the event's size. Wrestling with the festival booklet and accompanying literature, one feels like Captain Nemo shortly after his introduction to the giant squid.

The strongest focus is on British cinema. As well as flaunting a sponsored £10,000-pound cash prize for the UK film voted best by audiences, the festival showcases some 20 new British features, even if the names of some directors involved (Susan Seidelman, Krzysztof Zanussi) plant a question mark over the word

"British". But what price nationality in the age of the co-production? At this year's LFF, medium-budget tickets include a Spanish film starring Terence Stamp and Patsy Kensit (*Pilar Miro's Prince of Shadows*), a French film directed by Poland's leading woman film-maker (Agnieszka Holland's *Oliver Oliver*), a Canadian film with a Polish-Australian star (Gosia Dobrowolska in Guy Maddin's *Careful*), and Italian actress Stefania Sandrelli revealing all, including a talent for fluent Spanish, in Bigas Luna's rampant sex comedy *Jamon Jamon*.

Happily, there are also monocultural masterworks: films like Daniel Barenboim's *Chopin's Children*, Zhang Yimou's *The Story of Qiu Ju* and Alexandre Rockwell's crackling all-American comedy about film-making *In The Soup*. And

In the festival section called "Electronic Image" notions of nationalhood dissolve almost completely. That divisive thing called dialogue is replaced by the increasingly universal sign-systems of the video and computer age. Work here by, with or about Derek Jarman, Lindsay Kemp, Nam June Paik and Japanese computer maestro Yoichiro Kawaguchi.

For the nostalgics among us, there are revivals, restorations and reconstructions. Visconti's *The Leopard*; Ridley Scott's *Blade Runner: The Director's Version*; and British cinema at its most Gainsborough-ish in the 1947 *Jassy*, newly refurbished by the National Film Archive. Margaret Lockwood's gorgeous costumes, hissing villains and all that jassy. They don't make films like that any more, but at least they lovingly restore them.

## Theatre Our Song

Keith Waterhouse's new play is the kind of maudlin, sentimental piece that one sometimes forgets is still being written – possibly because there is so little time for a theatre critic to watch television. However, *Our Song* is very professionally crafted, is an ideal vehicle for Peter O'Toole and introduces a fetching new actress in Tara Fitzgerald.

After his success in *Jeffrey Bernard is Unusual* (also written by Waterhouse), O'Toole is enjoying an Indian summer on the stage. It is a great pity that he bowed out of John Osborne's *Dad's Army* because the text was too long and too complex. Still, here he is in a simpler play, dominating throughout.

O'Toole plays an ageing advertising man. That another sign of the tediousness of the piece. One did not realise that they were still around, even less that people still wrote plays about them. He has to think up alliterative adjectives for things like Finnegans' Flakes: there are a lot of "offs" in the Waterhouse script.

Thus the character, called Roger Piper, strays in to falling for a girl called Angela. She is Ms Fitzgerald, who describes herself as a "freelance fictionist". She is always immaculately dressed, usually at some of the expense, and Ms Fitzgerald can certainly act.

The affair lasted, as Piper never stops telling us, 16 months. It took a lot of lunches, and even more champagne, to get her into bed. Consumption takes place in Edinburgh, shifts to Venice, and is continued in her bed in Islington. There is a series of films around Leicester, Nottingham, Cardiff and Brighton as Piper, having lost his partnership at the agency, accepts a part-time job as a contributor to some kind of good food guide. Angela is finally killed in a car crash on the road to Birmingham, Piper reflecting – among other things – that she was on the M25 when she should have been on the M1.

The theme is Piper wondering if it was love and, if not, what was it? "Our Song" is sung only once, and then only for a few bars. It was plainly a tempestuous affair, which did not leave much time for gentle smooching. O'Toole seems in a slow drawl and moves in a stinging, slightly tortured way that in the end becomes



Tara Fitzgerald and Peter O'Toole in Keith Waterhouse's new play

compelling. He is writing about his experience on an old-fashioned Imperial Typewriter, which says a lot about the play.

There is not much else. Piper has a very patient, attractive wife, stylishly played by Lucy Fleming. There is a little bit of poking fun at advertising, good food guides and restaurants, but remarkably few outright jokes. *Our Song* is directed by another old pro, Ned Sherrin. It makes for a pleasant enough evening, though even at little more than two hours may seem a shade too long. Ms Fitzgerald we shall see again. The point about her Angela is that if she has any depths, we do not discover them. She conceals them with great skill.

Malcolm Rutherford

Apollo Theatre. (071) 680 6262

## Horror and farce in 'The Changeling'

Thomas Middleton (1580-1627), official chronicler of the City of London, was the Hogarth of his time, mixing satire, tragedy and realism. *The Changeling* (1622) was one of six plays he wrote with the William Rowley (b. 1586). The Royal Shakespeare Company gave a traditional rendering of this music-bound play: predictable, careful and unmoving.

This is a tragedy of irresponsible immaturity caught in its own consequences. The action, set in Alicante, feeds on excess. The heroine, Joanna, has an unwanted fiancé and strong desires for another man, Alsemero. She is seduced by a man, Alsemero, she seduces her own servant, De Flores, to murder the affianced, but at the price, she later discovers, of becoming the murderer's mistress. More deceit and murder follow, and De Flores takes Joanna's life before taking his own. A distant subplot, set in an asylum, echoes the main action.

With this bleak prospect, *The Changeling* offers scenes which can be played comically, and Michael Attenborough's thorough production balances the horror with the farce. On her wedding night, Joanna discovers in Alsemero's trunk a litmus test for virginity; she takes it in private, falls, tries it on her virgin maid, and learns to replicate the effects of a positive result. This scene is caught in a tightening net of deceit, the more disturbing because inapposite.

The production's chief resources are Cheryl Campbell as the perfumed, fickle Joanna, and the majestic, fiftieth-century, and ill-favoured De Flores. Together they register both the power of lust and the

ease of deceit. Their central scene follows his murder of her fiancé; as he explains what he has done, she begins to realise the extent of her involvement. While they barter money, lust and power, both emerge as changelings, capable of expediency and despair, which offers no moral centre, but a clearer disposition of the characters on stage would sharpen the action to counteract Middleton's mixture of tedious discourse and sudden reality. The open set, period costumes and creative lighting have yet to cohere properly.

But *The Changeling* remains a powerful play, probing the possibilities of personal change and the limits of reasonable deceit. It charts ordinary vices. Joanna's husband asks if she is honest: "That's a broad question, my lord."

Andrew St George

The Swan Theatre, Stratford-upon-Avon (0783 256323) until January 30

## New York music/Paul Griffiths Next Wave festival

For several years the Next Wave festival at the Brooklyn Academy of Music has given a New York home to the more glamorous stars of new music, dance and theatre: Philip Glass, John Adams and Steve Reich among composers; Mark Morris and Lucinda Childs among choreographers; Robert Wilson among showmen.

Many of them will be back but perhaps fearing that the Next Wave was starting to look suspiciously like the Last Wave, the BAM team looked elsewhere for their opening performances. Fine. There must be life out there beyond the daisies, but not in what we were offered: a musical that would have died as a college show in North Dakota, and a talent spot for aboriginal-Americans.

The latter event was probably inevitable in Columbus year. Robert Mirabal, who makes and plays his own haunting flute, and a clear disposition of the characters on stage would sharpen the action to counteract Middleton's mixture of tedious discourse and sudden reality. The open set, period costumes and creative lighting have yet to cohere properly.

Robert Taub's recital at Merkin Hall was in another galaxy. He is a pianist whose fingers think: every chord comes as something placed and balanced as a considered moment, and when he speeds, as he often does, it is with the exhilaration of a flow of ideas. Lockwood sounds out too in his programming. Here he began with late Brahms – the Op.116 Fantasia – after which his selection of three recently published pieces by Berg sounded sunnily at ease: a refreshment before, but also a passage towards, the Sonata that Berg wrote soon afterwards.

Following Berg came Babitt: the *Three Compositions* of 1947-8 and a new piece, *Prehudes, Interludes, and Postludes*, with the interval to stand in for forty years of achievement in between. Mr Taub's reputation as a Babitt player is well earned: he senses the poetry and the wit in the music, and he thinks the thought.

And Babitt has responded to his care, accomplishment and devotion with three works in the last decade, a decade in which his music seems to have come to an alpine moment of serenity and distant vision. The counterpoint is light, elegant and courteous in its pace, the rhythm nimble, the large shape – in this case a sequence of differently textured preludes with interludes and postlude all relating – clear.

What remains, of course, is the abstraction, but also the humour and the jazzy bounce. Babitt in retirement is letting his geniality show through, but at the age of 76 he retains all his fitness of mind.

European Cable and Satellite Business TV

(all times GMT)

MONDAY TO FRIDAY

CNN 2300-2330, 2330-2330 World Business Today – a joint FT/CNN production with Grant Perry and Colin Chapman

Super Channel 0700-0710, 1230-1240, 2230-2240 FT Business Daily

0710-0730, 1240-1300 (Mon, Thurs) FT Business Weekly – global business report with James Bellini

0710-0730, 1240-1300 (Wed) FT Media Europe

0710-0730, 1240-1300 (Fri) FT Eastern Europe Report

2240-2248 FT Report

Saturday

CNN 0600-0630, 1900-1930 World Business This Week – a joint FT/CNN production

Super Channel 0600-0600 FT Business Weekly

Sky News 1100-1200, 1730-1800 FT Media Europe

Sunday

CNN 1030-1100, 1800-1830 World Business This Week

Super Channel 0130-0200, 0530-0600 FT Media Europe

1330-1400, 2330-2100 FT Business Weekly

Sky News 0130-0200, 0530-0600 FT Media Europe

1330-1400, 2330-2100 FT Business Weekly

## INTERNATIONAL ARTS GUIDE

### BOLOGNA

Kristian Zimerman piano recital on Mon at the Teatro Comunale. Nov 16: Trio Mozart. Nov 18: Bavarian State Ballet. The opera season opens on Nov 28 (629999)

### DRESDEN

Today's performance of Così fan tutte at the Semperoper begins at 11.00. Tomorrow, next Mon and Thurs: ballet triple bill. Sat: Il barbiere di Siviglia. Sun morning: Peter Gülke conducts works by Weber, Mozart and Stravinsky. Sun evening: Gluck's Orfeo. Tues: Le nozze di Figaro. Felicity Lott sings Arabella on Nov 15, 16, 21 and 24 (484 2731) ● Jörg-Peter Weigle conducts Dresden Philharmonic Orchestra Sat and Sun at the Kulturpalast. (486 6306)

### FLORENCE

Tonight's Brahms and Debussy concert at Teatro Comunale is conducted by Georges Prêtre.

Nov 12, 13, 14, 15: Cecilia Bartoli sings Berlioz's Nuits d'été. Nov 18, 20, 21, 22: Semyon Bychkov conducts Mahler's Second Symphony. Nov 25-Dec 11: Coppélia (277 9236)

### GENOA

Today's performance of Simon Boccanegra at Teatro Carlo Felice begins at 15.30 (final performance on Sun afternoon). Tomorrow and Sat: Michael Tabachnick conducts orchestral works by Stravinsky and Tchaikovsky. Nov 13, 14, 15: Ballet of La Scala in Cristoforo Colombo, music by Donizetti. (589329)

### THE HAGUE

Dr Anton Philipsaal 20.15 Mihal Tang conducts Hague Philharmonic Orchestra in Liszt's Second Piano Concerto (Dezso Ránci) and Rakhmaninov's Second Symphony, repeated tomorrow. Sat: Edo de Waart conducts Netherlands Radio Philharmonic Orchestra in Mahler's Fifth Symphony. Next Fri and Sat: Inogen-Cooper plays Mozart (560 8510) ● Amsterdam 20.15 Netherlands Dance Theatre premieres a new choreography by Itzik Galili, plus works by Jiri Kylian and Patricia Tuerlings. Repeated Nov 7, 12, 13, 14 (360 4930)

### LONDON

Six Characters in Search of an Author: Franco Zeffirelli's

updated version of Pirandello's classic play comes to the Lyttelton on Mon for six performances as part of the Drama for the European Arts Festival (National Theatre 071-928 2252)

### CONCERTS

● Three Birds Alighting on a Field: a return visit by Timberlake Wertenbaker's play, one of the Royal Court's most successful 1991 premieres. Preview starts tonight. Press night on Tues (Royal Court 071-730 1745) ● Lost in Yonkers: Neil Simon's Broadway hit, starring Rosemary Harris and Maureen Lipman, is a humorous play about two boys dumped with their tyrannical grandmother and emotionally arrested aunt in Yonkers, New York, in 1942. Preview next Tues and Wed, Press night next Thurs (Strand 071-379 4444) ● No Man's Land: Harold Pinter plays Hirst to Paul Eddington's Spooner in the first London revival of his play since *Gielgud* and Richardson created the roles in 1975 (Almeida 071-359 4404)

● For ticket information about all West End shows, phone Theatreline from anywhere in the UK: Plays 0836 430659 Musicals 0836 430660 Comedies 0836 430661 Thrillers 0836 430662 OPERA/DANCE ● Coliseum Jonathan Miller's production of Don Giovanni receives its last performance of the season tonight. Tomorrow and next Thurs: Wozzeck. Sat and next Wed: Die Zauberflöte. Ken Russell's new G&S production, Princess Ida, opens Nov 14 (071-336 3161)

Covent Garden Tonight and Sat final performances of Porgy and Bess. Tomorrow and next Sat: Swan Lake. A new production of Die Frau ohne Schatten opens Nov 16 (071-240 1056). Nov 10-14 at Sadler's Wells: Phoenix Dance Company (071-278 8916)

### CONCERTS

Barbican in tonight's LSO concert, Kent Nagano conducts Boccherini's Double Concerto (Dmitry Sitkovetsky and Ralph Kirshbaum) and Prokofiev's Fifth Symphony. Sun afternoon: Joanna MacGregor piano recital. Sun evening: Nagano conducts Daphis et Chloé. Tues and Wed: Mariss Jansons and the Oslo Philharmonic open the Barbican's month-long Scandinavian arts festival, which also includes a Nielsen cycle with Rattle and a Sibelius cycle with Colin Davis and LSO (starting Nov 28). Nov 14 and 16: Neeme Järvi conducts Gothenburg Symphony Orchestra (071-638 8891)

South Bank Centre in tonight's BBCSO concert, Ida Haendel plays Britten's Violin Concerto and Alexander Lazarev conducts Shostakovich's Fourth Symphony. In QE Hall, Amanda Proctor, Peter Donohoe and Roger Vignoles host a Brahms evening. Tomorrow: Felicity Lott sings Strauss in a Philharmonia concert conducted by Sinopoli. Sun afternoon: Stephen Kovacevich piano recital. Sun evening: Bach's B minor Mass. Mon: Gilbert Kaplan conducts Mahler's Second Symphony. Tues: Ivo Pogorelich piano recital. Wed: London Mozart Players. Next

Thurs: Semyon Bychkov conducts Philharmonia, with Andrei Gavrilov soloist in Beethoven's Left Hand Concerto. Next Fri: Deszo Ránci is soloist with LPO. Next Sat: LaBèque Sisters. Nov 22: Shura Cherkassky (071-928 8800)

### MADRID

Auditorio Nacional de Música Tonight's chamber music concert, featuring music by Schumann, Donizetti and Sallier, is given by Ensemble Mikrokosmos. Tomorrow, Sat, Sun: Aldo Ceccato conducts Spanish National Orchestra and Chorus in Beethoven's Missa Solemnis. Next Tues: Catalan Chamber Orchestra plays works by Fernando Sor and Bartók (337 0100)

### PRAGUE

● Tonight and tomorrow at Anensky Cloister: Stanitz Quartet and friends play chamber music by Dusek and Beethoven. Tomorrow at Smetana Hall: Petr Albrichter conducts Smetana's Ma Vlast. Sat: Bambini di Praga. Next Tues: Helmut Steinbach conducts Czech Radio Symphony Orchestra in works by Mendelssohn, Beethoven and Schumann. Next Wed: Martin Turek conducts Prague Symphony Orchestra in Bruckner's Seventh Symphony (232 2501) ● Tonight and tomorrow in Dvořák Hall, Eliahu Inbal conducts Czech Philharmonic Orchestra in Mozart's Haffner Symphony and Bruckner's Third.

Next week: Zdenek Kocler conducts Bruckner's Fifth (286 0111).

### CONCERTS

● For pre-booking and information, contact city centre ticket agencies (Sluna, Wenceslas Square 28 in the passage, tel 260693, or Bohemia, Na Příkopě 18, tel 228738, or Melantrich, Wenceslas Square 38 in the passage, tel 228714) and theatre box offices.

### STOCKHOLM

OPERA/BALLET The Royal Opera's repertory includes Boccanegra (tomorrow) and Sat afternoon, Tosca (Mon), Ingvar Lidholm's new opera A Dream Play (next Wed) and Simon Boccanegra (next Thurs). A new production of Shnitke's ballet Peer Gynt, choreographed by John Neumeier, opens next Fri (248240) ● CONCERTS The Konserthuset this week focuses on the music of Swedish composer Daniel Börtz. Tonight's concert is given by the Norrköping Symphony Orchestra. Tomorrow: Stockholm Wind Sinfonia. Sat: Gennadi Rozhdestvensky conducts Börtz's Seventh Symphony. Next Thurs and Fri: Rozhdestvensky conducts symphonies by Nielsen and Borodin (244130). Sun afternoon at Barwaldhallen: Uppsala Chamber Soloists play music by Glinka and Taneyev. Tues at Radihuset: Lars Sellergren plays piano music by Stenhammar and Chopin (784 1800)



# FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL  
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Thursday November 5 1992

## Now for the hard part

THIS IS NOT the moment to be grudging. Governor Bill Clinton has been elected president of the United States squarely and fairly. That is, the unfairness in the campaign was directed more at him than by him. President George Bush, with all the supposed advantages of incumbency, resorted to undignified muck-raking in his attempts to blacken Mr Clinton's character. Mr Ross Perot had much more money to spend. Mr Clinton won by making himself the unchallenged leader of the main opposition party, by imposing on that party a new direction and a new image and by becoming the most credible spokesman of what is clearly a deeply felt, nationwide desire for change.

His campaign was in itself an impressive feat of leadership and organisation. As Vice-President Dan Quayle said, if he can run his presidency as well as he ran the campaign he will be a highly successful president.

That is, and was intended to be, a big "if". Mr Clinton has shown himself a thoroughly professional politician. But that means, in essence, a person skilled in being all things to all men, and dodging difficult choices. Governing on the other hand involves making choices. On many points Mr Clinton will, once in office, have to clarify his position; and in the process he will not be able to avoid disappointing, perhaps even infuriating, many of those who voted for him on Tuesday.

That will be true especially in the area which he rightly made

the main focus of his campaign: "the economy, stupid". Mr Clinton, unlike Mr Bush, believes that government has a role to play in galvanising the economy, notably through spending on education and infrastructure. He is deluding himself if he thinks these plans can be financed by taxing only the "top 2 per cent" of the population. He will have to choose whether to increase the already yawning budget deficit or to raise revenue through broader, presumably indirect, taxation. If he wants to make good his environmental claims, he should in any case raise taxes on gasoline.

Similarly, Mr Clinton will not be able to implement his proposed healthcare reforms unless he is prepared for a head-on battle with the American Medical Association and the pharmaceutical industry, and he will not be able to make good his reputation as a free trader without facing down powerful lobbies within his own party, including notably the trade unions and some environmentalists.

Foreign policy is clearly not his main interest, and the voters have shown they do not mind that. But foreign policy too will present awkward and unavoidable choices. Mr Clinton will have to choose between conflicting interests, and to allocate resources for honouring US commitments and furthering US objectives.

The ends of the president-elect, so far as he has defined them, are mainly good. The more difficult part, which he must now set about, is finding the means.

## Trade threats

IF MR CLINTON thinks he can set his own agenda, regardless of events, he should think again. Come January, he will find world trade at the top of his in-tray. He may even find his country embroiled in a tit-for-tat trade war with the European Community triggered by their five-year-long oilseeds dispute. It is vitally important that the new administration does not inherit so embittered a conflict. If one is to be avoided, however, the EC will have to show more flexibility than it has done so far.

The Community is likely to regret its failure to reach an overall agreement on farm trade with the outgoing Bush administration. Nothing suggests that Mr Clinton will be easier to deal with than Mr Bush. He may well be still less accommodating. Mr Clinton may, for example, try to make the environment and fair labour standards central issues in the Uruguay Round, whereupon the whole draft agreement could easily disintegrate. He will probably be still more inclined towards the use of unilateral market-opening measures than someone as instinctively internationalist as Mr Bush.

Failure to resolve the oilseeds dispute can only exacerbate those tendencies. The US regards this particular dispute as a test case for the multilateral approach to the resolution of trade disputes. It has twice won favourable verdicts from Gatt panels, which have concluded that the EC oilseeds regime discriminates in favour of EC oilseed production, thereby impair-

ing the value of the zero tariffs on imports of oilseeds conceded by the EC in the early 1990s. The US has proposed binding arbitration at this dispute, which the EC has refused.

The US is entitled, therefore, to do what it did yesterday, namely, request Gatt authorisation for the suspension of tariff concessions to the EC worth \$1bn and so equivalent in value, it claims, to the EC concessions that have been judged impaired.

Even if the US is entitled to do this, retaliation must be very risky at this delicate juncture. The threatened EC counter-retaliation would be worse than merely risky. It could be a disaster, not least because it is almost certainly illegal under Gatt. The US is entitled to withdraw tariff concessions in order to balance the losses its producers have suffered. Counter-retaliation by the EC would upset the balance once more. Thereupon a spiral of retaliation and counter-retaliation would seem inevitable.

The failure to complete the deal on farm trade within the Uruguay Round is more than a misfortune; it is a mistake. So is the failure to resolve the dispute over oilseeds. But this mistake need not be compounded. So long as a spiral of retaliation and counter-retaliation is avoided now, both the Gatt dispute settlement mechanism and the Uruguay Round remain alive until Mr Clinton takes over. The EC failed to prevent yesterday's US action. It must now eschew the counter-retaliation that can only make things worse.

## Angola's lessons

DEMOCRACY IS faltering in Africa. As authoritarian regimes across the continent bow to international and domestic pressure, the transition to multi-party rule is endangered by electoral fraud, undisciplined armies, aggrieved minorities and flawed constitutions. Without tougher international monitoring of elections, and the introduction of constitutional amendments to ensure ethnic, religious and regional rivalries, democracy will remain imperilled.

Angola's threatened relapse into full-scale civil war is the latest blow to hopes for a fresh start, and the most serious. Renewed conflict would be disastrous for southern Africa as a whole. But the tragedy will have wider implications. The UN has played a leading role in Angola, monitoring the country's ceasefire and observing the elections. Success would have encouraged such efforts in Somalia or Mozambique; failure will reinforce misgivings about mediation in Africa's conflicts.

Clearly the burden of blame rests with Mr Jonas Savimbi, the Unita leader, defeated by President Jose Eduardo dos Santos in the September elections. Unita has claimed widespread electoral fraud, and demanded an international inquiry. The vote was deemed fair not only by the UN, but also by Washington, which along with South Africa, supported Unita in the civil war. Mr Savimbi is a bad loser, and a dangerous one. A Unita military victory seems impossible, but the

damage it can wreak could be better contained had the ceasefire been firmly implemented.

The demobilisation of the Unita and government armies fell behind schedule, as did the creation of a national force drawn from both sides. The understaffed UN monitoring team did its best, but Angola would have been better served had the UN made clear that, without full compliance with the transition terms, elections could not take place.

The most serious obstacle to lasting peace, however, may be the constitution itself. The record of post-independence Africa suggests that systems which concentrate too much power in the hands of one party lead to one-party states. Its leaders have yet to find the constitutional formula which reconciles democratic values with ethnic or religious loyalties, and Angola is no exception.

The passions that Mr Savimbi can now exploit could have been defused by a constitution offering proportional representation in the country's executive, a decentralised government which gives provincial administrations real power, and a revenue allocation formula that ensures that all regions receive an equitable share of Angola's oil wealth. Rigorous implementation and monitoring of transitions and constitutions which acknowledge African realities would not guarantee peace. But they offer a better chance of coping with political rogue elephants, in Angola and elsewhere.



In the cold light of yesterday's dawn, it was just possible to question the extent of Bill Clinton's triumph. His mandate by the popular vote, just 43 per cent, was the third-lowest this century - a thin underpinning to his sweeping five-to-two margin in the electoral college, with a majority built on states which he often carried by little more than a whisker. Even his acceptance address late in the night in Little Rock was hardly triumphal, sounding more like the campaign speeches that in the end came and went like a blur. It was almost as if this most determined and driven of men had not quite fully grasped the enormity of the fact that he really was the next and 42nd president of the United States.

But, as every football coach says, "a win is a win" and this one offers the chance to change the fundamental political dynamic. The US once again has a president and Congress of the same party. By giving Mr Clinton and Mr Ross Perot more than 60 per cent of its votes, the country resoundingly rejected the economic and social policies that had guided it for 12 years and the man it felt had not understood why they were no longer working. And, convincingly enough, if with its heart in its mouth, it entrusted its immediate future to the 46-year-old governor of one of its smallest states mostly on the grounds that he really is "a different kind of Democrat".

On that score, America's confidence ought not to be misplaced because Bill Clinton is not the identikit prodigal Democrat of Republican demagoguery. Far from President George Bush's claim that Clinton really loves to raise taxes, the evidence is that he gets his kicks from cutting spending, not surprisingly since for 12 years he has been obliged to produce a balanced state budget. This may mean that he will not be able to do all he wants to do - even his party in Congress might not let him do that - but it is a fair bet now that the country has a president who at least has an agenda, a long one, of what ought to be done.

Successful or otherwise, his will be a seriously activist, but not necessarily radical, government. In spite of all the seductions that foreign affairs offer every president, and acknowledging that some external exigency might command much of his time, it will begin with a profound domestic orientation. Its first 100 days will be bold and vigorous. There will be weighty job creation, investment and training programmes, involving both the public and private sectors; the explosion in the costs of healthcare will be addressed; there will be substantial attempts to reform the welfare system. There will be pump-priming of the economy through public works, and the local governments of America may suddenly find themselves with federal money to spend. There will be all these things not because there should be but because Clinton won election by claiming, successfully, that they are all necessary.

But that alone will not make them happen. As Walter Mondale, who ought to know, put it on election night: "If Congress treats Bill Clinton the way it did Jimmy Carter, we won't be out of power for 12 years next time, it'll be 28 years."

It is true that Mr Carter came to Washington as an outsider, though with a vice-president, Mr Mondale, himself more versed in its ways than Senator Al Gore. The important difference is that Mr Clinton

With the right vanquished and the left tamed, Clinton can succeed despite a challenging agenda, says Jurek Martin

## Popular tune but a tricky score

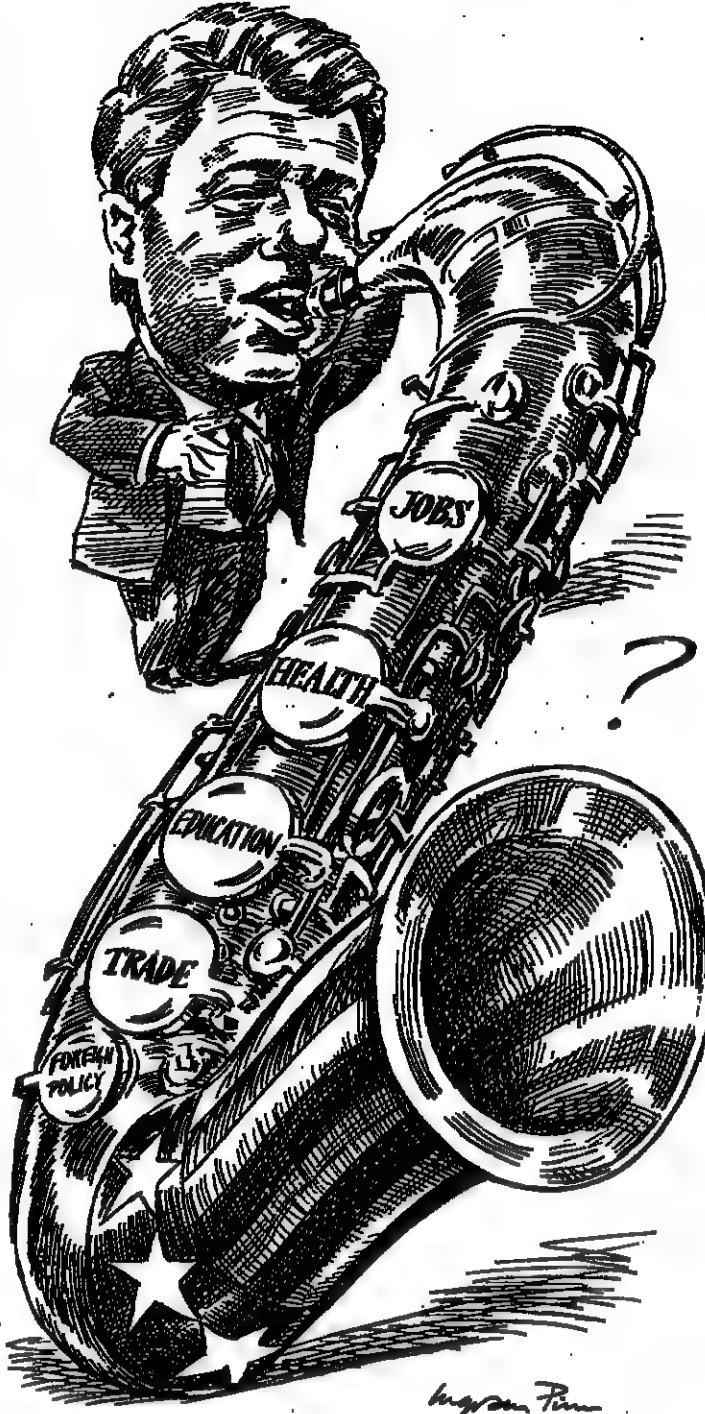
lives and breathes politics - he even inhales it - in a way that Mr Carter, equally sharp of mind, equally committed to a better country, never did. Intelligent compromise has been the hallmark of his record in Arkansas, after all.

Second, the dinosaurs of Congress may not have been rendered extinct by Tuesday's wave of discontent with incumbents, but they have been chastened. Some of their lives have been cut short by term limitation amendments at the state level. The excuse to fight the other end of Pennsylvania Avenue no longer *prima facie* exists. And if it does transpire, as it may well, that the special interest grip on Congress thwarts reform, then Mr Clinton, who knows about populism, has another weapon up his sleeve, if he can find a way to use it.

That weapon is represented by the pure populist, Ross Perot, who got nearly 20 per cent of the vote, a remarkable performance for any independent candidate, and the second-best this century after Teddy Roosevelt in 1912. To describe Mr Perot as mercurial is a gross understatement and nobody has the foggiest idea whether, having failed to buy an election with his own money, he will stay the course and get engaged inside, rather than outside, formal politics. But he did extend a helping hand to the new president on election night and Mr Clinton is far too sharp a politician not to recognise the offer. It is not only President-elect Clinton who senses this opportunity - and the threat posed by Mr Perot and his amorphous movement if it is not taken up. There was the wily Bob Dole on election night, easily returned to his Republican Senate seat from Kansas, promising that he would speak not only for his party but for those who supported Mr Perot. Mr Vin Weber, the smart young Republican from Minnesota who is retiring from Congress in frustration, called the election "a clear vote for change", which was the specific message of both Mr Clinton and Mr Perot, and a rejection of the status quo, which was "all the Republicans and Mr Bush could offer".

Mr Perot's agenda was originally very limited - to balance the federal budget and substantially reduce the national debt. His essential policy disagreement with Mr Clinton was only over the ferocity and means by which both should be attacked. But, as his offer unfolded, the billionaire from Texas also began to speak more in Clintonian terms, though with much less of the precision, of the need to tackle structural reform, such as education, health and welfare, and to create more and more private sector jobs.

Mr Clinton's likely Faustian bargain with Congress is to give it what it wants initially - public works spending - in return for a



longer-term commitment to cut spending and to pursue the social agenda. If properly conceived and presented, Congress might find it difficult to turn down.

His healthcare goals - to cut administrative costs and other waste by as much as \$80bn over four years, to weaken the hold of the insurance industry and, if necessary, to engage in some rationing of care - sound laudable and have indeed been endorsed by powerful elements in the medical profession. His aim is a new universal system of "managed" healthcare, financed by employers and, if necessary, by

higher taxes. Embracing the nearly 40m Americans who now have no health insurance will not come cheap. A prerequisite, he has always maintained, is stringent cost controls over federal and state Medicare and Medicaid programmes.

The educational goals will also not be achieved at the stroke of a pen. He wants to assure every young person of the right to post-high school education through a national trust fund, access to which would not be denied to higher-income families. Student loans would be repaid differently than under the

present formula, or by community service, a constant theme in his vision of a participatory democracy. He wants a national apprentice programme, funded by a 1.5 per cent payroll tax on employers. He believes in choice in state education, but no preferential treatment for private schools. He introduced in Arkansas constant testing of teacher competence (in return for better pay) and believes it can be extended nationwide.

He frequently speaks of wanting to "end welfare as we know it", which he sees as "a culture of dependency". This means limiting the time anybody may spend on welfare and the provision of alternative public service employment, in sum what is known as "workfare". This will inevitably lead him to calling, first, for ceilings and then cuts on federal and state welfare expenditures, and hence to the risk of alienation from his liberal democratic constituency (he may actually welcome such a confrontation).

What all this costs is anybody's guess - and Mr Bush's estimates are now irrelevant. The Clinton calculation is that a growing economy, with more people in productive work, can do the trick. This is why, as his economic advisers were freely saying in Little Rock on election night, a job-creation package will be the first order of business when he takes over and why the promises of middle-class tax cuts may have to wait a while for redemption.

The new president knows perfectly well the financial markets doubt that he can square the circle. But he will be coming to Washington with precious few hostages to fortune and even fewer obligations to those who got him there. His own ideology is so resolutely centrist, his own career so conspicuously meritocratic, that he ought to be able to call on the most eclectic range of talents. With the right vanquished for now and the left tamed, the opportunity for the practice of a new kind of politics surely exists.

The same could apply to foreign policy to the extent that it intrudes. Only tentative conclusions can now be drawn but they must include the expectation that a President Clinton will be more interested in dealing with the European Community as a whole than with its constituent parts, which implies some diminution of the "special relationship" with the UK. He will probably seek to encourage, and less to control, independent Japanese policy initiatives in the wider arena, which could be in that country's longer-term interests. His government will be active on the environmental front, which can only be desirable, and more inclined to intervene in the face of gross violations of civil liberties worldwide, though how and where is far from clear.

But he is certainly not an isolationist and nothing like as protectionist as many in his party. In sum, he may be a fair reflection of the present, far-from-confident mood of the nation whose leadership he has inherited. He was elected, quite simply, to get it on a better domestic footing and he will be operating in the sort of altered political circumstances which give him at least a chance of success. The challenges are awesome, his own agenda dauntingly difficult, his mandate not quite as sweeping as it once appeared on Tuesday night. Given the odds he has already overcome, he probably would not have it otherwise.

## PERSONAL VIEW

### A losing proposition

By Tony Hughes



If the voters in the US presidential election had been businessmen, the outcome would have been very different. A recent Harris poll

leaders showed that 70 per cent of those in the UK supported Bush. It is possible that this finding is connected with President-elect Clinton's plan to "crack down on foreign companies that prosper here and manipulate tax laws to their advantage". As UK shadow chancellor Denis Healey once promised to tax the wealthy until their pipe squeak. Does the same fate now await foreign investors in the US?

Who would be hurt by such a policy? Arguably the UK stands to lose the most as the largest investor in the US, accounting for 27 per cent of total foreign direct investment at the end of 1991, compared with 21 per cent by Japan and 15 per cent by the Dutch. Democratic Senator Al Gore, the Vice-President-elect, has warned that the Democrats plan to raise taxes on all companies in which the foreign ownership stake is at least 25 per cent; the figure of an additional \$45bn tax from foreign-owned US corporations over the next four years has been quoted by Clinton.

This is an enormous amount and it is impossible to predict exactly what the consequences would be for US businesses under foreign ownership. But there could be a withdrawal of foreign investment, closure of a number of foreign-owned concerns and an enormous disincentive to new foreign investment into the US. To put it in perspective, \$45bn is almost twice the total amount of tax collected from foreign-owned US corporations over the entire six-year period of 1989-93.

Clinton's current proposal is to raise this additional \$45bn by stricter enforcement of existing law and not by introducing new legislation. His main target will be the manipulation of prices at which goods are sold from abroad to the US. He would also increase the numbers of lawyers working on these transfer pricing cases, which would add substantially to the already heavy compliance burden on foreign investors.

However, if Clinton fails to raise the required extra revenue, as seems likely, will he feel obliged to bring in additional measures?

An indication of possible action that might be taken against foreign investors can be found in a discussion bill introduced last year by Congressman Dan Rostenkowski of Illinois, chairman of the important House Ways and Means Committee. One proposal was to impute profits to a foreign-controlled corporation, based on an industry average. It is not difficult to imagine the effect of having to pay tax on this imputed profit for a loss-making US subsidiary of a UK parent company. At the time both US Treasury officials and a Clinton spokesman expressed their disapproval of this proposal, but if future tax revenues are below expectations, there could be pressure to resurrect it.

There are a number of cogent reasons why the US should not take specific action against foreign-owned corporations:

● The US already has the most sophisticated anti-avoidance tax law in the world. It has detailed transfer pricing rules that can be used to ensure that imports into the US are not overpriced and thus US net income reduced. Furthermore there are "anti-earnings stripping" provisions which prevent profits being taken out of the US by way of a tax-deductible interest charge.

● Any action would almost certainly be discriminatory and breach the US's double-tax treaties, although this has not proved a disincentive to Congress in the past.

● Fear of possible retaliation. The US itself is by far the largest overseas investor in the world; at the end of 1989 the US accounted for 28 per cent of all foreign investment worldwide. Many countries could be expected to consider counter-measures. The UK has made it clear that retaliatory action - by denying tax refunds to US companies receiving dividends from UK subsidiaries - could be introduced almost immediately. This could cost US companies millions of dollars.

● As a practical matter the US legislative machinery is notoriously tortuous and there must be a fair chance that any proposals could either fall by the wayside or be so emasculated as to pose a threat to foreign investors no longer.

● Obtaining information is always a problem for tax authorities, but of all nations the US already has the most extensive, detailed and onerous reporting requirements placed on foreign investors which undertake transactions with their US subsidiaries.

● Probably the most persuasive pressure for not taking action will come from within the US itself. Many US states are currently doing their best to boost their flagging economies by encouraging foreign investment, while those states which already have such investment will not look kindly at measures which may drive foreign investment away.

Foreign investors need to press their case immediately, but I believe they have right on their side. It is my hope that this issue will be another case of "read my lips". The author is an international tax partner at Coopers & Lybrand UK.

If you need connections in Asia, talk to a local.



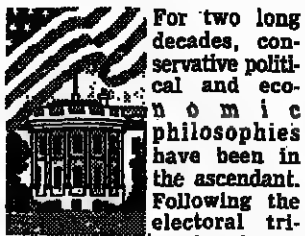
We fly 38 times weekly from Europe to Singapore connecting with over 300 flights to Asia, Australia and New Zealand. All aboard the world's most modern fleet, with inflight service even other airlines talk about.

SINGAPORE AIRLINES



# Change of course in the economic mainstream

The new administration's policies are unlikely to represent a return to earlier Democratic creeds, says Michael Prowse



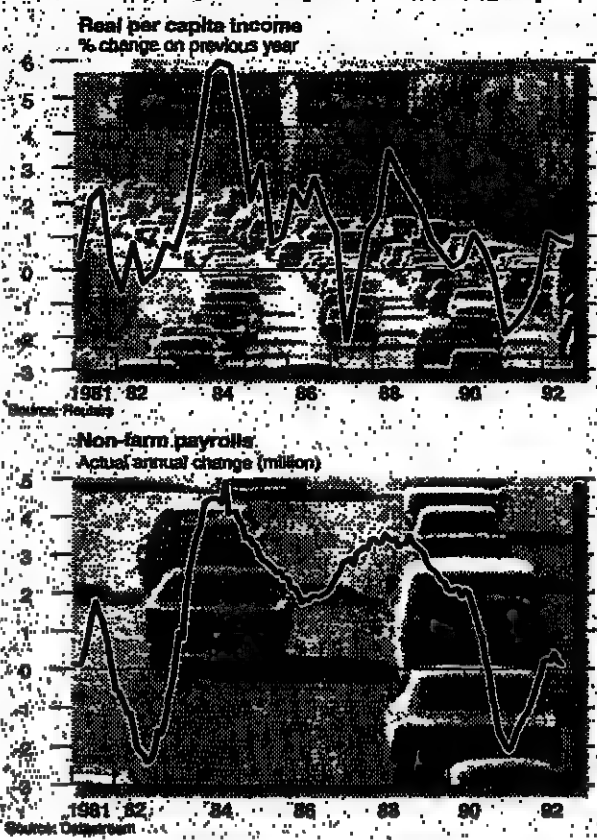
For two long decades, conservative political and economic philosophies have been in the ascendancy. Following the electoral triumphs of Ronald Reagan and Margaret Thatcher, the industrialised world seemed to change gear, increasingly accepting the rationality of free markets, limited government and less generous welfare policies.

The collapse of communism in eastern Europe and the former Soviet Union at the end of the 1980s and the conversion of much of the third world to market economies supposedly completed this historic transformation. Does Bill Clinton's stunning victory change anything? Is this the end of the conservative revolution?

It is tempting to say yes. Mr Clinton has criss-crossed America, attacking "trickle down" economics and the greed of the 1980s. He has dismissed tax cuts that favour the rich as unjust and ineffectual. He has not been afraid to proclaim his faith in government's ability to solve economic and social problems.

At the very least, the US will thus undergo a "course correction". Although the true character of a Clinton administration cannot be judged until the main White House and Cabinet appointments are announced, we are most unlikely to witness a reversion to an earlier Democratic era. After the second world war, conservatives were able to govern only after they had come to terms with the social and economic upheavals of the 1930s; they did not attempt to repeal the New Deal or the welfare state. In the same vein, Mr Clinton's victory represents an accommodation by the left to the conservative revolution of the past two decades. Mr Clinton may slightly increase taxes on the rich but he will not return to the sky-high marginal rates of the pre-Reagan years.

## US economy: ready to move again?



economic performance. By the standards of many countries, such as Britain, the US may appear to have had a mild recession. It has been growing sluggishly for 18 months. Yet the Bush years as a whole were a period of economic stagnation. Per capita disposable incomes did not rise. Unemployment went up. Debt burdens - public and private - seemed intolerable. For Americans this was totally unacceptable: memories of rapid growth under President Reagan were obliterated. Worse, Americans began to

out there that I must say to you I haven't seen in my lifetime."

How is Mr Clinton planning to overcome this entrenched mood of pessimism? All the signs suggest he will follow fairly conventional macroeconomic policies. He seems unlikely to interfere with the conduct of monetary policy. During the campaign he declined an invitation to blame the recession on the Federal Reserve, which he believed remained independent of the executive arm of government. On fiscal policy, there is an

## Clinton claims to be seeking a "third way" that respects market forces while emphasising social solidarity

Mr Clinton is banking in an historic victory largely because he convinced Americans that he is indeed a "New Democrat". Along with many conservatives, he stresses the importance of economic opportunity and personal responsibility; he has also pledged to "reinvent" government, making it less bureaucratic and more entrepreneurial.

American pragmatism has also played a role in Mr Clinton's victory. Many who voted Democratic on Tuesday favour lower taxes and less government. Mr Clinton's victory is less a rejection of the values of the 1980s than of Republican

inherent conflict between his desire to invest more heavily in education, training and infrastructure and his promise to "cut the deficit in half" by 1996. Few analysts believe his hopes of raising large sums from rich individuals and foreign corporations are realistic. However, it would be wrong to assume that the deficit is bound to rise now that Democrats control both the White House and Congress.

Mr Clinton is likely to look for ways of restructuring both sides of the federal balance sheet. The rate of growth of spending could be substantially reduced if he has the

courage to curb the benefits that wealthy Americans receive from entitlement programmes such as health care and pensions. He may also opt for a bold reform of taxes: a shift towards consumption-based taxes could raise revenues while increasing incentives for savings and investment. Some form of investment tax credit seems certain to form a central plank of next year's budget.

Mr Clinton's cure for the American economy, however, is likely to look beyond short-run macroeconomics. His talk of investment in "people-based economics" is not just a rhetorical flourish. In a world of intense global competition, he believes that governments can best promote higher living standards by focusing on the factors of production that are relatively fixed, such as the workforce and infrastructure. Additional investment in education, training and infrastructure is thus an integral part of a long-term strategy to improve the competitiveness of the private sector.

For Mr Clinton economic and social policies are intertwined. He is the first president-elect in recent history to argue that the US is doing poorly because government is failing to provide services that other leading nations take for granted.

He points out that every other industrial nation spends much less than the US on healthcare yet manages to offer universal coverage. He contrasts the US's patchy training programmes with Germany's famed apprenticeship system and argues that more had to be done for the non-college-bound majority. And he compares simplistic laissez-faire economics unfavourably with the more active industrial policies of Japan and continental Europe. The stress on social policies and workforce skills or "human capital" should not be seen as secondary economic importance. This, rather than monetary or fiscal policy, is the heart of "Clintonomics". He genuinely believes that the US will prosper in the 21st century only if it makes fundamental reforms in these often neglected areas.

When President-elect Clinton claims to be seeking a new "third way" that respects market forces yet also places emphasis on social solidarity, he should be taken at face value. He is not a throwback to the past but part of an unfolding revolution that is more liberal - in the 19th-century sense - than dirigisme in its fundamental values. Americans have voted for a technocrat rather than an ideologue; what remains uncertain is his ability to translate academic theories into practical programmes.

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

### U-turns may be sensible option

From I. T. Smith.

Sir, One's admiration for FT contributors is somewhat dimmed by their continued preoccupation with government U-turns.

Plans for present and future action by people and governments are always made in the light of the information available at the time. If, after plans are made, new information suggests that those plans are wrong, sensible people and governments change them.

The present government has had to make many changes in policy recently for that reason. The government's sources of information have been extremely poor and they can be faulted for not addressing the problem sooner. However, if they turn a corner and face a bright future which is not on their map, is it right to rebuke them for making a U-turn? The FT is in the information business itself and it should be concentrating on this aspect of government incompetence and helping where possible for the good of the nation.

I. T. Smith, 33 Markham House, Kingswood Drive, West Dulwich, London SE21

### Maastricht treaty contains seeds of its own destruction

From Mr Roger Helmer.

Sir, Your "A vote for Europe" editorial (November 2) lets down the normally excellent standards of your newspaper. The answer to the question, "if not Maastricht, what?" is simple and clear - the Treaty of Rome and the Single European Act, both already in place. I am talking of the Common Market (remember the phrase), for which the British people voted in a referendum, the largest customs union in the world.

The Maastricht treaty contains the seeds of its own destruction, for precious few member states will achieve the convergence criteria to bring the single currency into effect in the foreseeable future. In that case, you may ask, what harm to ratify it? Great harm. It is a distraction from the real needs of the economies of Europe, a monstrous time-waster. Worse, the Conservative party has no heart for it.

Roger Helmer, Suite 23, Suisse Grand Hotel, 201-1, Hongseun-Dong, Suhaedmoon-Ku, Seoul 120, Korea

### Stand up for copiers

From Mr Simon Holmes.

Sir, Re your article on the excessive amounts being paid by British business for copiers under some copy plan agreements ("The costly image in the corner of the office", November 2), it is suggested that the Department of Trade and Industry is soon to raise the issue with the Office of Fair Trading. Laudable as this is, if the DTI is serious in its concern for users of copiers, it should also be prepared to stand up to the European Commission as it moves (if history is any guide) inexorably towards imposing hefty anti-dumping duties on all copiers imported from Japan.

Canon is not alone in endorsing copy plan contracts which it regards as fair. Minolta has introduced a code of conduct for all its dealers obliging them to let their customers know precisely where they stand whenever they buy a Minolta. Simon Holmes, Theodore Goddard, Suhaedmoon-Ku, 150 Aldersgate Street, London EC1A 4EJ

### More important than getting numbers right is reasoning and understanding behind them

From Mr Paul Kafka.

Sir, At the risk of being accused of "sour grapes" could I suggest that Peter Marsh have a word with Samuel Brittan? Impressive though the number crunching behind his survey (October 30) of UK GDP forecasts may be, it panders to what Brittan calls "the profoundly misguided view that making [short-term] forecasts is what economics is all about" (November 2).

As is their duty, the members of our economics team are ready to fall on their swords over the inaccuracy of their predictions for UK GDP in 1991 (accounted for by a period of over-optimism in early 1990).

However, I would suggest that the survey provides a distinctly partial view of their abilities as forecasters, let alone economists. UK GDP is merely one of the hundreds of variables which they are involved in forecasting and by no means the most important. As rewarding as it must be for the winners to receive their economic Oscars, perhaps the more obvious conclusion is to be drawn from this survey is that economic forecasting is a very imprecise art. More important than getting the numbers right are the reasoning and understanding that lie behind them. If the chancellor, or indeed any institutional investor,

chooses his advisers on the basis of the "winners" and "losers" in your survey this year, then they risk being disappointed and surprised when next year's envelope is opened.

Our evidence suggests that institutional investors show a more genuine understanding of the quality of underlying analysis than is implied by the results of your survey. Paul Kafka, executive director, corporate communications, Nomura International, Nomura House, 1 St Martin's-le-Grand, London EC4A 3DF

### More a question of economics than fashion

From Mr R G Penman.

Sir, I note the comment in your place on schools ("Schools for free or for what? The difference?", October 24) that "boarding becomes ever less fashionable", but presumably

demand for boarding places is down (if it is) because fewer parents at the moment can pay for them.

Your feature writers' comment is about as sensible as saying, with regard to an area

with a falling school population, that education is going out of fashion. R G Penman, Malvern College, Malvern, Worcestershire WR14 3DF

### Imperative to strengthen hand of United Nations in Somalia

From Mr Malcolm Fraser.

Sir, As president of CARE International, which has great humanitarian responsibilities in Somalia, I have just returned from a fact-finding mission to this war-torn and drought-stricken country. I have never seen such depths of human suffering, against a backdrop of naked anarchy, wanton destruction and total collapse of social, economic and political structures.

It is imperative that the international community strengthens the hand of the United Nations in Somalia. Aid organisations, not least CARE International, want to expand their humanitarian and rehabilitation programmes. We have brave men and women risking their lives to mitigate the suffering in the wasteland. The UN must be equipped to give these aid workers the protection that they need. Objections by factional warlords must not stop the UN from deploying peace-keeping forces.

Specifically, the number of troops should be increased to about 15,000. Around 500 observers would be needed across the country. There should be greater delegation of finance and power to the secretary-general's special envoy and to the UN commander.

Furthermore, the special envoy should be given greater

assistance to bring about a conference as a first step towards reconciliation of factions in Somalia. Without a comprehensive package of measures, a special 100-day humanitarian programme the UN is seeking to put in place is almost certain to fail.

Malcolm Fraser, president, CARE International, 4th Floor, ANZ Tower, 50 Collins Street, Melbourne, Victoria 3000

assurances by factional warlords must not stop the UN from deploying peace-keeping forces. Specifically, the number of troops should be increased to about 15,000. Around 500 observers would be needed across the country. There should be greater delegation of finance and power to the secretary-general's special envoy and to the UN commander.

Furthermore, the special envoy should be given greater

## OBSERVER

### Campaign charmer

■ A set of threadbare underwear may seem an unlikely candidate for inclusion among the harbingers of Bill Clinton's success, but at least one of his helpers would claim that it brought luck to the new regime.

He is Louisiana-born James Carville, who became political director of Clinton's campaign after engineering the first crack in George Bush's presumed political impregnability, exactly a year ago. The breakthrough came in Pennsylvania when little-known college professor Harris Wofford upset Dick Thornburgh, the US attorney general, in a Senate race.

Chronically superstitious, 49-year-old Carville backed Wofford not only with his political skills but by wearing the same underclothes throughout the final stage of the contest.

Perhaps it was the strain of washing them every night that accounts for the more modest magic he used in Clinton's support. He merely got out of bed on the same side every morning this last week.

Another of his unorthodox claims to fame is his romance with Mary Matlin, the acerbic political director of the Bush team. But behind his idiosyncrasies lies an undoubted professionalism, including an instinct for strategy.

While Clinton was otherwise surrounded by smart people with a programme for every problem, Carville's constant advice was to relate to the concerns of ordinary people, to listen without necessarily answering back, and never to stray from the fundamental campaign theme: the state of the economy.

So what's in store for him now - a place in the new administration on the model of Hamilton Jordan who, having guided Jimmy Carter to the presidency, became White House chief of staff.

"I wouldn't live in a country

whose government would hire me," Carville jokes. "I've had two experiences with the government, one was the Marine Corps and the other is April 15 (when tax returns must be filed), and I don't need a third." We'll see.

### A sip in time

■ Segrave Foulkes must be crossing his wine-stained fingers that the new owner of Chateau Latour cares about both history and the English language.

The specialist publishers have been commissioned to produce an English version of the uniquely detailed archival history - running to two dense volumes in French - of this great estate. A sip at £140, the work was due out in Britain this Christmas but, unfortunately, publication has been postponed until April.

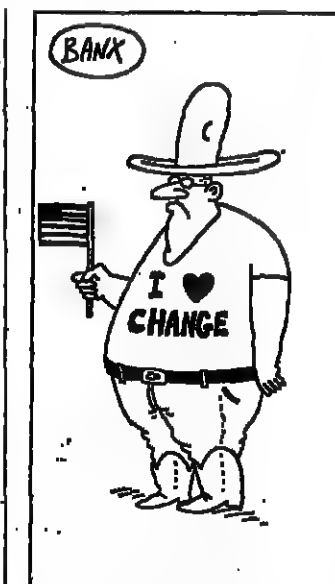
So there is time to insert a short chapter about the latest transfer of what, in more indulgent days, was described as the Jewel in Allied-Lyons' crown, doubtless into the hands of another multinational corporation. Let's hope it's not McDonald's.

### Runway rumpus

■ Does UK corporate affairs minister Neil Hamilton have a conflict of interest? Along with the rest of the trade and industry department's top team, he has been given a regional responsibility - north-west England - which includes his Tattler constituency.

Although one of the north's most salubrious areas, Tattler is under Manchester Airport's flight-path. Hence Hamilton's honorary vice-presidency of the Knutsford and Moberley Joint Action Group trying to stop the building of a second runway. The group uses such unparliamentary words as "rapists" when referring to the airport's management.

Airport chairman Jack Flanagan,



a Manchester Labour councillor, has retaliated by calling on Hamilton to resign either from the government or from the action group. Flanagan says any trade and industry minister must be in favour of the extension to the airport, now claimed to be the north-west's leading economic generator with up to 81,000 jobs in prospect.

Hamilton denies any conflict of interest as the planning decision will be taken by the environment department, not his own. He also says Liverpool's Labour councillors - who want their city's under-used airport developed instead - would support him. Who would ever have expected a Tory minister to recruit Liverpool as an ally?

### Chek it out

■ Anatoly Chubais, the Russian deputy prime minister masterminding the vast privatisation programme, is a worried man. One of his

government's best English-speakers, Chubais is taking time off from one of the world's toughest assignments to fret about the purity of the Russian rouble.

Apparently backed up in his sensitivities by the non-anglophone President Yeltsin himself, he was yesterday entreating reporters to refer to the bits of paper being distributed to the citizenry taking part in privatisation as cheques, not vouchers. "Vouchers" sounds too foreign to his well-tuned ear, whereas "cheque" believe it or not, is good Russian.

### Ed Average

■ Following Observer's revelations that a US hedge fund has been reading Penthouse to see what President Clinton means for the American bond market, it now emerges that US fund management giant Fidelity on occasion resorts to an equally unorthodox approach to economic forecasting.

Fidelity's UK fixed income guru Martin Wooler believes that America is poised for a significant upturn next year. Why? Because his brother Ed decided to buy a car last month.

Now finance director of a medium-sized company based in Atlanta, chartered accountant Ed, who has lived in the US for the past 20 years, is his brother's best leading indicator. "The last three times he bought a car, he bought exactly one month before the end of recession," says Wooler.

### Inn-tolerance

■ Only a few days after the French government started its anti-smoking drive, the backlash has begun.

The sign on the door of a café in Saint-Germain reads: "Reservez vos fumeurs. Non-fumeurs acceptés". Which roughly translated means: "Smokers Only. Non-smokers tolerated".

The first ever Grande Complication Wristwatch is now in the United Kingdom.



£102,000 - Platinum with a leather strap. For generations "Grande Complication" has been the supreme word to describe the ultimate in watchmaking. A concept so pure and so timeless, it seemed it would never be adapted to something as small as a wristwatch.

Until now.

After 5 years of dedicated research and development IWC is proud to unveil the world's first "Grande Complication" wristwatch. A milestone in watchmaking as important as any in history, and a fitting climax to the mechanical age.

69 individual parts show the century decade, year, month, date, day of the week and even the moon phases, as well as the second hour, minutes and seconds, providing the most complete and precise record of time.

President that extends to the most unique feature of the Grande Complication, the moon repeater. This system provides an audible record of time, and has never before been incorporated into a wristwatch.

Launched in a solid platinum case, this stunning piece in the art of horology is a tribute to the craftsmen of IWC, who involved over 30,000 hours in turn this concept into reality. It is a statement to their dedication and to the dream of IWC to create a masterpiece truly worthy of the name.

And indeed of time itself.

IWC

International Watch Co. Ltd., Schaffhausen, Switzerland Since 1868

If you would like to know more about the Grande Complication and other masterpieces, please ask for the IWC complete catalogue. IWC (U.K.), 124A Manor Road North, Thames Ditton, Surrey KT7 0BH. Telephone: 081-339 0883. Fax: 081-398 9415. For service and after-sales Tel: 081-339 0884.

LONDON: ASPREY - NEW BOND STREET; HARRIS - WATCH DEPARTMENT DAVID MORRIS - CONDUIT STREET. THE WATCHGALLERY - FULHAM ROAD AND JEREMY STREET GABARD, THE CROWN JEWELLERS, MAPIN & WEBB - QUEEN VICTORIA STREET, PENICURCH STREET, REGENT STREET, HEATHROW TERMINAL 1, GUILDFORD AND BIRMINGHAM ALSO AT: HARRIS - HARGREAVE AND YORK.



## Geneva conference chief warns of heavy casualties and calls for more aid Bosnia winter deaths 'inevitable'

By Laura Silber in Geneva

**HEAVY CASUALTIES** in Bosnia-Herzegovina are inevitable this winter because of the failure to meet its humanitarian aid needs, warned Mr Cyrus Vance, co-chairman of the Geneva conference on the former Yugoslavia.

While urging the delivery of humanitarian aid to be stepped up to besieged Bosnian cities, Mr Vance has called on all three sides in the conflict to accept the proposed constitution as the basis for a political solution.

But in spite of optimism expressed, in particular, by Lord Owen, Mr Vance's co-chairman, that all sides were prepared to use the document as a negotiating platform, its rejection by Mr Radovan Karadzic, leader of Bosnia's Serbs, threatens this centre-piece of the Geneva conference.

The draft document envisages a state divided into seven to 10

provinces along regional and not ethnic lines.

The hostility of the Bosnian Serbs hardened last weekend when their assembly, in the north Bosnian town of Prijedor, dismissed any such constitutional solution imposed from outside. The assembly decided to pull out of the conference unless the talks recognised the self-declared Serb Republic of Bosnia.

Mr Karadzic has said that the only basis for solution is an agreement signed in Lisbon on March 18. This agreement, which was first accepted but subsequently rejected by Mr Alija Izetbegovic, the Muslim president of Bosnia, called for the creation of three ethnic "cantons" amounting to a de facto division of Bosnia-Herzegovina.

Yesterday Mr Karadzic said Bosnian Serbs had agreed to continue Geneva negotiations on the understanding that their demand for three to five cantons would be

discussed alongside the proposal by the international mediators.

In September, Mr Franjo Tudjman, president of Croatia, and Mr Dobrica Cosic, his Yugoslav counterpart, signed the Geneva agreement, which would form the basis of a peace treaty between Serbs and Croats. This has increased fears among Bosnia's Muslims that Croatia and Yugoslavia intend to divide the republic between them. But Mr Vance has made it clear that the international community will not accept this.

Mr Vance also reiterated that the results of "ethnic cleansing" must be reversed, although United Nations and European Community officials in the former Yugoslavia admit that enforcing this would be almost impossible, even if a political breakthrough were achieved in Geneva. Many refugees have nowhere to return to as their homes have been destroyed.

In Geneva, Mr Karadzic insisted that the Muslims were welcome to return to the self-proclaimed Serb state, but the situation on the ground is in stark contrast. Serb forces currently control some 70 per cent of Bosnia and Croats control about 25 per cent. Mr Karadzic believes a constitution must divide Serbian, Croat and Muslim territory.

The on-going clashes in Bosnia and the instability in the UN peacekeeping zones in Croatia underline how difficult it would be to reach a peace accord.

A 200-strong advance party of Canadian troops being sent to northern Bosnia has been obstructed by local authorities in the region of Banja Luka, a Serb-held stronghold. General Philippe Morillon, commander of the UN force in Bosnia, is to try over the next two days to resolve deployment difficulties amid reports of fighting at Olovo, north of Sarajevo, and at Brcko, north Bosnia.

## Confidence motion set to defeat Irish government

By Tim Coone in Dublin

**THE IRISH** government is expected to fall today after the Progressive Democrats, until now junior partners in the coalition, resigned their ministerial posts and made clear they would support a "no confidence" motion proposed by the opposition Labour party.

Ms Mary Harney, a Progressive Democrat (PD) deputy who quit as junior minister for the environment, said yesterday: "The country needs an election. The government has broken down." The six PD deputies would vote with the opposition, she said.

The two senior PD ministers in the cabinet - Mr Des O'Malley, industry minister and PD leader, and Mr Bobby Molloy, energy minister - informed Mr Albert Reynolds, the prime minister, of their resignation from the government last night following a PD parliamentary group meeting which had been convened to discuss the coalition crisis.

Fianna Fail, the senior coalition partner with 77 seats, will not be able to muster an overall majority in the 166-seat Dail (parliament) and will therefore fall. Mr Reynolds is expected to ask President Mary Robinson to dissolve the Dail this evening.

A general election must then be held within 30 days. Two dates are being considered - November 26 or December 3. The elections and a controversial abortion referendum are likely to be held on the same day.

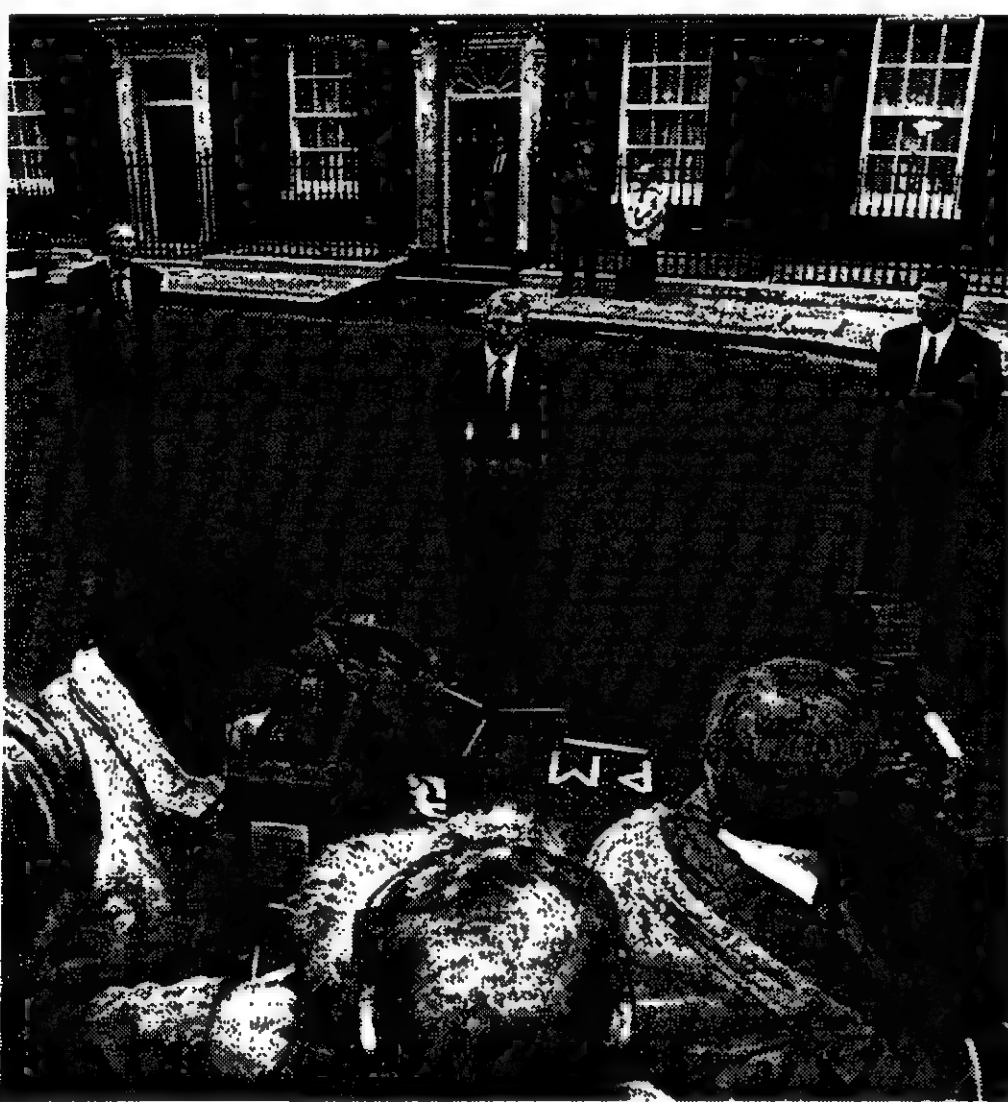
The crisis began last week when Mr Reynolds accused Mr O'Malley of being dishonest in the evidence Mr O'Malley had given to a parliamentary inquiry into the country's beef industry earlier this year. Mr O'Malley had criticised Mr Reynolds' actions as industry minister in 1987 and 1988 in supporting beef sales to Iraq which he claimed had exposed the Irish taxpayer to unnecessary risks. The PDs called on Mr Reynolds to withdraw the accusation. He refused, precipitating the coalition split.

Mr Reynolds' future within the party is likely to be called into question. Some backbenchers warned earlier this week that they felt an election had been precipitated unnecessarily by Mr Reynolds and that if the party lost seats in the election, a search for a new leader might begin.

Mr Reynolds has been Fianna Fail leader and prime minister only since February after he ousted Mr Charles Haughey in an internal party coup.

In the past few days the two main opposition parties, Fine Gael and Labour, have ruled out entering into a coalition with Fianna Fail after the election so long as Mr Reynolds remains leader, as have the PDs and the socialist Democratic Left party.

Labour is reluctant to join a coalition with Fine Gael, due to its unhappy experience in one in 1992-87. It could therefore prove difficult to piece together a stable government after the election without big compromises or a further general election to break the possible deadlock.



British prime minister John Major puts the Press in the picture before last night's Maastricht debate

## Major fights to restore authority

Continued from Page 1

most likely "If we stand aside and let others run Europe, while Britain scowls in frustration on the fringes".

Clashing repeatedly with Mr John Smith, the Labour leader, over an opposition amendment in 1987 and 1988 in supporting the ratification process at least until after next month's Edinburgh summit, Mr Major added: "We cannot continue to make a success of our membership of the Community unless we ratify the Treaty that we have agreed to."

But conscious that Tory party managers were still scurrying around Westminster seeking to

win back waverers from the rebel camp, he sought also to assuage fears that Maastricht was a step towards a federal Europe.

He insisted that Britain would retain freedom over when to rejoin the Exchange Rate Mechanism and whether to move to a single currency, that it retained a veto over European-wide immigration policies, and that the powers of the Brussels Commission would be curbed.

As Mr Smith swapped insults with Mr Paddy Ashdown, the Liberal Democrat leader, over the latter's support for the government, Mr Major bitterly attacked Labour for its about-turn on the treaty.

But in a less than confident speech which exposed many of the tensions in his own party over Europe, Mr Smith insisted that the debate was not about Maastricht but about a desperate attempt by the government to shore up its authority.

Insisting it had "more to do with the internal problems of the Conservative party, than it has to do with the European Community", Mr Smith added: "The truth of the present situation, the background to the debate, is that an increasingly angry and bewildered nation is watching with astonishment and dismay as this government stumbles from one disaster to another."

## Clinton says do not doubt US resolve

Continued from Page 1

far west and the north-east, took almost all the big industrial states, broke the Republican lock on the mountain states and was competitive in the south. Mr Bush had the satisfaction of holding on to his adopted home of

Texas and to Florida.

The composition of Congress was less changed than expected. The Democrats gained only one seat in the Senate to a new total of 58, but that might revert to the status quo if the incumbent senator from Georgia, Wyche Fowler, loses a run-off.

In the House, the Democrats lost a net nine seats, apparently winning 239 seats to 175 for the Republicans with one independent. Mr Bernie Sanders, the socialist from Vermont. This disappointed the Republicans who had expected to pick up 20-25 seats.

## Gatt fails to support US sanctions on EC

Continued from Page 1

state would try to veto the package in the Council of Ministers, by invoking national interest. Officials in Brussels have already drawn up a list of counter-measures to impose if the US went

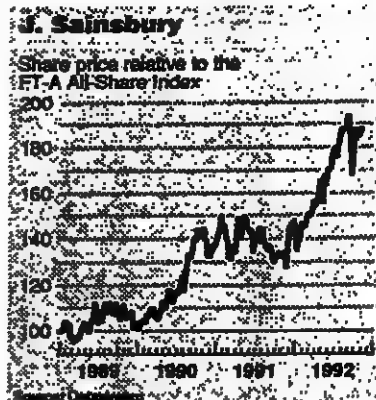
ahead with its threat. Washington, which yesterday received strong support from farm-exporting nations in Gatt, has not shut the door on negotiations. Mr Verza said the US intended initially to impose punitive tariffs on less than \$1bn

worth of EC goods and suspend implementation for 30 days to allow more time for resolution of the dispute. He repeated the US offer of binding arbitration within 30 days on the damages incurred by US oilseed producers as a result of the subsidies.

## THE LEX COLUMN

## A moment of truth

FT-SE Index: 2691.7 (-13.9)



**J. Sainsbury**  
Share price relative to the FT-SE All-Share Index

nagging doubt about overcapacity. The current aggressive pricing between the chains might be symptomatic of recession, or it might herald longer-term problems. Industry returns on new openings are falling, though they are still acceptable. As new superstores cost £25m, the costs of exit would be high, with the battle for survival bitter.

It will be others who feel the majority of that pain. But Sainsbury could perhaps turn up the heat on its weaker brethren by depreciating the value of its freehold stores.

### BAT Industries

Appropriately for the company which makes Lucky Strike cigarettes, BAT Industries is enjoying its fair share of good fortune. Fate has breathed life into tobacco by opening up new markets from Czechoslovakia to China. Farmers insurance missed any serious damage from Hurricane Andrew. Lower US interest rates mean higher earnings for a company with around \$1bn floating rate dollar debt. True, mortgage indemnity insurance cost Eagle Star another £22m in the third quarter, underlining that BAT remains hostage to the UK housing market. In the context of a company making £100m a month from cigarettes, though, this now looks more of an embarrassment than a threat.

Judging by the £175m investment in doubling capacity at its main UK plant, BAT believes tobacco profits have further to go. If the lucky streak continues, earnings could also be flattened next year by a stronger dollar. The new accruals method of accounting for long-term insurance business

should make the accounts easier to understand - although not until BAT deigns to give its underlying assumptions on investment returns, policy surrenders and so on.

With prospects elsewhere deeply uncertain, the promise of 9 per cent dividend growth this year looks appealing. Even at yesterday's all-time high, BAT's shares are trading on a prospective yield higher than the market average.

### US economy

Now the election is over, attention is switching to the details of President-elect Clinton's economic policies. And as his package is prepared, the response of the Federal Reserve will be equally closely watched. Yesterday the Fed's "beige book" report on the economy acknowledged that US growth was patchy, as the figures for third-quarter GNP suggested. But the Fed is likely to wait and see how much of a fiscal boost the president intends to give before considering another cut in rates, even if tomorrow's employment report shows the economy slowing once more.

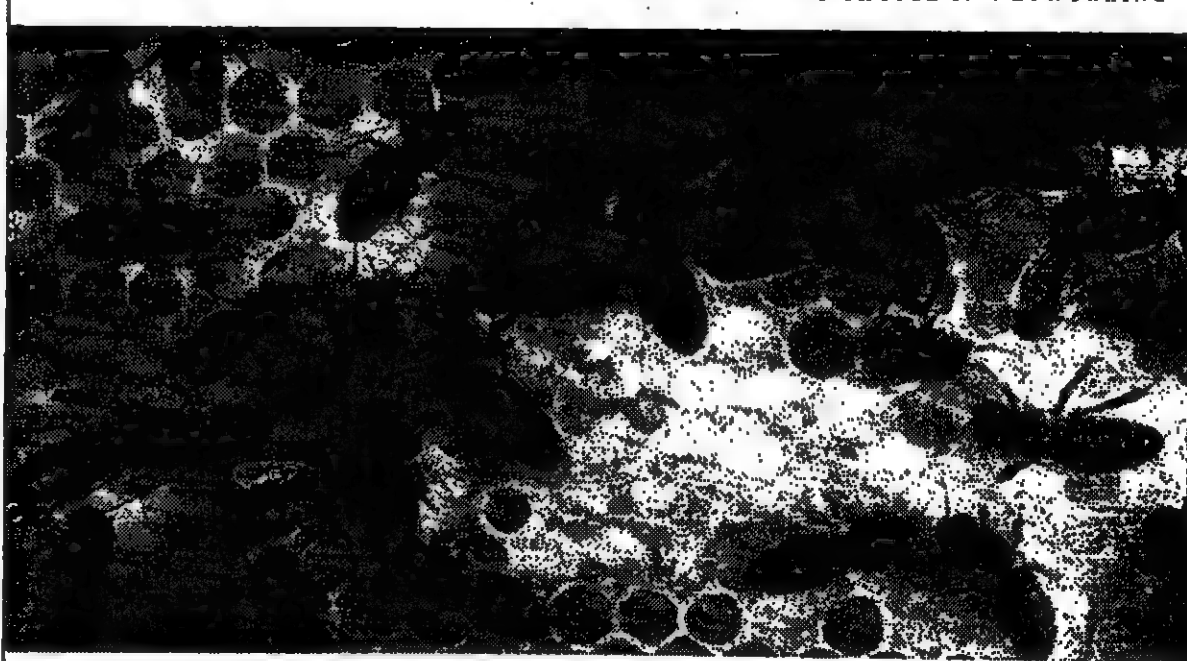
With short rates so low and inflation subdued, more investors may move from cash into longer-dated US Treasury paper in the weeks ahead, despite fears of a higher budget deficit.

### HK Land/Trafalgar

Hongkong Land can hardly have expected to raise its stake in Trafalgar House so soon after its tender offer lapsed. It must have stumbled across a pretty smart operator willing to set up its options package. Presumably that operator reckons on finding enough institutional holders willing to commit themselves to selling a portion of their stake at around 85p in February in exchange for protection against the market value of their remaining holding finishing below that level in May. With a floor under the price and no other obvious buyers in the market, Trafalgar's share price looks becalmed. That may shake out a little more paper, which would help the counterparty meet its initial commitment of 36m shares.

Land's stake in Trafalgar House will thus move over 20 per cent, allowing it to equity-account the holding. It might like the outside world to believe that the deal was worth this simple convenience. The fact remains, though, that it has also turned up the heat under Trafalgar. The story is not over yet.

## THE NATURAL CHOICE IN NETWORKING



As a model for corporate networking, you can't beat the humble bee colony.

It's brilliantly organised. More importantly, all the individuals in it are closely related.

Apply these principles to enhancing or building a network, and you'll achieve some remarkable results.

Information will flow more sweetly around your organisation. And your people will be more productive.

At Racal-Datcom, we've everything necessary to make such improvements - whether in the smallest local area or the largest enterprise-wide network.

We offer a full range of networking products, together with data security and network management, all backed by service, support and expert advice.

We can even take the sting out of networking costs, by helping you exploit innovations like ISDN and frame relay.

If you'd like to make your network a hive of activity, just call (0256) 760038.

Racal-Datcom Limited, Landsea House, Station Road, Hook, Hampshire RG27 9PE, England. Telephone: (0256) 760038. Fax: (0256) 760290.

**RACAL**

World Weather		°C		°F		°C		°F		°C		°F		°C		°F					
		Bombay	F	27	81	Frankfurt	F	10	50	Majorca	S	22	72	Oporto	F	17	63	Yamalo	G	21	70
		Buenos Aires	F	10	50	Glasgow	C	12	54	Malaga	S	20	68	Oulu	F	5	41	Yokohama	S	23	73
		Calcutta	F	11	52	London	F	11	52	Malta	F	23	73	Paris	F	10	50	Toronto	F	11	52
		Canton	F	27	81	Madrid	F	10	50	Medan	C	31	88	Peking	S	5	41	Tokyo	S	20	68
		Cebu	F	28	82	Moscow	F	7	45	Melbourne	F	13	55	Rangoon	S	-1	30	Valencia	S	28	82
		Chicago	F	10	50	New Delhi	F	27	81	San Francisco	F	10	50	Rangoon	S	22	72	Warsaw	F	8	46
		Cincinnati	F	10	50	Perth	F	10	50	Sao Paulo	F	10	50	Shanghai	F	10	50	Washington	F	10	50
		Dacca	F	28	82	Rangoon	F	10	50	Seoul	F	10	50	Singapore	F	27	81	Zurich	F	11	52
		Dhaka	F	28	82	San Francisco	F	10	50	Singapore	F	27	81	Singapore	F	27	81	Temperature at midday			
		Dublin	F	11	52	Shanghai	F	10	50	Singapore	F	27	81	Singapore	F	27	81	1 hour GMT time			
		Edinburgh	F	10	50	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	C-GMT			
		Hankow	F	10	50	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	F-Fair			
		Hong Kong	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	R-Rain			
		Kobe	F	10	50	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Kuala Lumpur	F	28	82	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		London	F	10	50	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Lyons	F	10	50	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Manila	F	28	82	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Medan	F	28	82	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Mumbai	F	28	82	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Nairobi	F	28	82	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Paris	F	10	50	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Perth	F	10	50	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Rangoon	F	10	50	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		San Francisco	F	10	50	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Shanghai	F	10	50	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	Singapore	F	27	81	S-Snow			
		Singapore	F	27	81	Singapore	F	27													







## INTERNATIONAL COMPANIES AND FINANCE

## Philips to end PC sales in four European countries

By Ronald van de Krol  
in Amsterdam and Michio  
Nakamoto in London

PHILIPS, the Dutch electronics group, is to stop selling personal computers (PCs) to consumers in Britain, Scandinavia, Ireland and Greece, marking a further retreat from the highly competitive sector.

The company, scheduled to release third-quarter results today, said the decision to end PC sales in these countries would lead to the closure of its European PC distribution centre in the Dutch town of Tilburg, with the loss of 40 jobs.

A Philips spokesman denied that Philips was pulling out of

PCs, but the group has taken a significant step in retreating from PCs as a strategic product by merging its PC division in the UK with its interactive media systems business.

"We increasingly see ourselves not as a mainstream PC seller but as selling applications to users which involves hardware and software," said Mr Simon Turner, head of the UK PC operations.

Philips's PCs are sold mainly as part of an overall systems package rather than on their own. The Eindhoven spokesman said that the group was continuing to watch developments closely. Fierce competition among PC manufacturers has led to price wars

and eroded margins.

In April, Philips announced that it was cutting 600 of the 1,800 jobs in its loss-making PC operations and halting the direct sale of PCs in the US.

Its new strategy in the US is to seek to produce PCs for US companies which will then market the equipment under their own brand names.

Philips pulled out of the mini-computer sector in 1991 when it sold most of its computer division to Digital of the US. PCs were then transferred to the Dutch company's consumer products division.

Philips will continue to supply PCs to other parts of Europe directly from its manufacturing plant in Montreal.

## Skoda chief calls for rethink on Siemens link

By Ariane Genillard in Prague

MR LUBOMIR Soudek, the new chief executive of Skoda Pilsen, Czechoslovakia's largest engineering group, has called for the renegotiation of its two joint ventures with Siemens, the German electrical and electronics group.

His move follows the Czech government's decision to sell him and two leading Czech commercial banks a 38 per cent stake in Skoda Pilsen. Mr Soudek was appointed chief executive last Monday.

KWU, Siemens' energy unit, last December beat Westinghouse of the US and Asea Brown Boveri, the Swedish-Scandinavian power group, to acquire 67 per cent of Skoda's energy subsidiary. The German group is also planning a second joint venture with Skoda's transport arm, and is close to acquiring a 51 per cent stake.

Mr Ladislav Tatal, deputy chairman of Skoda Pilsen, yesterday said Siemens' stake in the transport subsidiary should be reduced because he believed the Czech company was better able to sell the locomotives it produced.

"We are also thinking about reconsidering Siemens' joint venture with our energy department. So far, all recent domestic contracts have gone to rival groups, such as First Bruo Engineering and Westinghouse of the US," he added.

Mr Bernhard Weiss, head of the Siemens team which negotiated the transport joint-venture, ruled out a renegotiation. "We discussed 99 per cent of the joint-venture contracts with the old management last year and are not willing to start the whole procedure again. We will make it clear to the Czech government that we are only willing to discuss on the basis of what has been agreed so far," he said.

The Czech government has been hard-pressed to find ways of privatising the large engineering enterprise, which is saddled with an estimated 4m crowns (144.32m) of debt and recently laid off 1,300 workers.

## Volvo reverses out of a cul-de-sac

Kevin Done and Christopher Brown-Humes on the troubled carmaker

VOLVO'S painful decision to close two of its three car assembly plants in Sweden is a bitter blow for the prestige of the carmaker, which has run up losses in core operations for the past seven quarters.

It is a particular setback for Mr Pehr Gyllenhammar, the group's increasingly autocratic chairman, who has tried for two decades to fly in the face of motor industry wisdom elsewhere by pioneering alternative car assembly systems in Sweden.

Volvo's announcement that it is to close its Kalmar and Uddevalla final assembly plants is also a body-blow for successive Swedish governments' interventionist regional policies, which had sought - particularly in the 1980s - to expand the automotive industry to fill the gap left by the collapse of Swedish shipbuilding.

It follows only 18 months after Saab, its smaller - and also chronically loss-making - Swedish rival was forced to close its Malmö final assembly plant, which had been modelled on the assembly methods of the Volvo plants.

Financial crisis had caught up earlier with Saab, which lacked the resources of the bigger Volvo group and which was forced to close the Malmö plant less than 18 months after it had been opened, to great fanfare, on the site of the

defunct Kockums shipyard. A year earlier, control of Saab had been taken over by General Motors. It had quickly become clear to the new GM management in 1990 that, while the Malmö plant was unviable in the increasingly harsh and competitive climate of the European auto industry, so too were the Volvo plants.

The two Volvo facilities had been conceived in much more comfortable times, notably the more modern Uddevalla plant, which started production in 1987.

When its planned construction was announced in January 1985, Volvo had just announced record earnings for 1984 and was surging on a wave of windfall profits from the inflated US dollar, which had made it - temporarily - perhaps the world's most profitable carmaker.

Mr Louis Schweitzer, chairman and chief executive of Renault, the French carmaker and Volvo's partner in a far-reaching Franco-Swedish motor industry alliance, believes that Volvo's problems stem from its profligacy in those earlier fat years - when Renault, by contrast, was running up huge losses.

"When the money came in easily as the most profitable carmaker in the world, they spent lavishly. You see the rich cousin and the poor cousin when you look at their plants

and ours," Mr Schweitzer said yesterday. "They have excess costs, but now they are coming to grips with their problems."

The clearest warning that Volvo had been heading up a cul-de-sac with its Scandinavian system for car assembly came from a team of academics which two years ago published *The Machine That Changed The World*. This was the influential treatise on world car industry production methods. It first coined the phrase "lean production" to describe the Toyota production system which has become the model for all western carmakers.

"Simply bolting and screwing together a large number of parts in a long cycle rather than a small number in a short cycle is a very limited vision of job enrichment," wrote the report about the Volvo system.

That the Uddevalla and Kalmar plants have survived so long owes much to the stubborn vision of Mr Gyllenhammar, who took over as Volvo chief executive in 1971 and became chairman in 1983.

He has much personal prestige invested in the plants, where he tried to move the production system away from the traditional Ford assembly line. The Kalmar plant opened in 1974. It was based on Mr Gyl-

lenhammar's concepts of a work-team approach, with computer-guided carriers bringing supplies to decentralised assembly points.

It has taken a severe financial crisis to force Volvo back to the basics of carmaking at its two traditional plants at Torslanda, Gothenburg, and Ghent in Belgium.

The closures come at a time of rising unemployment in a country where small communities are often based around one company. There will be not just the impact of the direct job losses - 820 at Uddevalla and 800 at Kalmar - but the knock-on effect of associated job losses.

Unemployment at Uddevalla is set to increase to around 20 per cent following the closure, and at Kalmar to 15 per cent.

The closure decisions show that Volvo's tough new chief executive, Mr Sören Gyll, is making an early impact on the group. Far-reaching rationalisation has been probable ever since he declared in August that "nothing is holy".

Against a background of depressed sales in the group's three main markets - Sweden, the UK and the US - the cuts seemed inevitable. Sweden has just reported that October car sales were 38 per cent down on a year ago, and analysts expect a further steep fall in sales next year as a result of Sweden's austerity programme.

## Prague Breweries seeks partner

By Philip Rawstone  
in London

PRAGUE Breweries, the second-largest brewing group in the Czech republic, yesterday announced that it was seeking an international industrial partner.

Mr Stanislav Prochazka, chief executive, said: "We believe our company has an excellent platform for future growth."

Prague Breweries, which has a dominant market position in the Czech capital, was included in the first wave of the country's privatisation programme and will have 72 per cent of its equity owned, as a result, by domestic shareholders mostly regrouped in the largest seven private investment funds.

Creditanstalt Securities, the Prague-based investment bank, which has been retained as

adviser to the brewery, has a 12 per cent stake in Prague Breweries.

Other large shareholders include investment funds controlled by leading commercial banks.

A remaining 28 per cent equity stake is held by workers, management and the state property agency, the Czech government body which is monitoring the privatisation programme.

## Indosuez takes over Hungarian investment bank

BANQUE INDOSUEZ, the merchant banking division of France's diversified Suez group, yesterday finalised the takeover of Kulturbank, one of Hungary's largest investment banks, writes Nicholas Denton in Budapest. The French bank has merged its existing Hungarian operations and Kulturbank to create Banque Indosuez Hungary.

The move follows a Hungarian government go-ahead for Indosuez to take a 63.8 per cent stake in Kulturbank, for an undisclosed price. Banque Indosuez said it planned to make the new subsidiary the centre of its regional network.

## UBS sees impetus from international operations

By Ian Rodger in Zurich

UNION BANK of Switzerland, the country's largest bank, expects its international operations will continue to drive its profit growth.

Mr Robert Studer, chief executive, said he was "pleased" with the results so far this year.

"We are anticipating an improvement in consolidated cash flow for 1992 as a whole," Mr Studer said, adding that he expected a further increase for 1993. Cash-flow last year was SF13.4bn (\$3.9bn) and net income SF1.5bn. Provisions for bad loans, most of them in

Switzerland, would be no higher than last year's SF1.7bn, he said.

Mr Studer said that "the international side of our business must contribute an increasing share of our overall result".

Mr Matthias Caballavette, executive vice-president responsible for trading and risk management, indicated that UBS' London subsidiary had done extremely well during the recent European currency turmoil.

Leu Holding, part of the CS Holding banking group, said third-quarter net income was "satisfactory".

## Sainsbury lifts interim profits by 19%

By John Thornhill in London

J. SAINSBURY'S strongest volume sales growth in foods for five years enabled the UK's biggest retailer to show a faster turn of speed than arch-rival Tesco, and lift interim pre-tax profits by 19.4 per cent to £391m (\$593.2m).

But the stock market greeted the news by knocking 3.6 per cent off Sainsbury's share price as some investors were unsettled by the cautious stance on current trading and took profits after its recent strong rise. Presiding over his first results since taking over from his cousin as chairman, Mr

David Sainsbury said the outcome was "extremely good" given the harsh economic climate and the fall in food prices inflation to its lowest level in five years.

He attributed the company's continuing resilience to a sharpening of its offering. "We have seen a decline in the product quality and the standards of service elsewhere while we are giving better value for money than ever before. Customers are voting with their feet," he said.

In the UK, sales from Sainsbury's food stores, Sainsbury's hypermarkets and Homebase DIY stores rose 12.8 per cent to

£4.75bn. Like-for-like sales from food stores rose 3.7 per cent - with price inflation averaging 3 per cent - while 14 new superstores accounted for the remainder of the increase in turnover.

The foodstores' operating profits were 18.9 per cent higher at £261.2m, benefiting from further cost reductions and productivity improvements. But Homebase "bore the scars" of the price war in the DIY market lifting profits just 3.1 per cent to £9.1m.

Sainsbury's US subsidiary, Shaw's, was badly hit by recession and saw trading profits fall 16.5 per cent to \$21.4m on

near static sales of \$994.7m. Overall, Sainsbury's group sales rose 10 per cent to £25.28bn in the half-year to September.

Capital expenditure totalled \$364m and added the equivalent of 2,800 jobs over last year. But operating profit per full-time employee rose 10 per cent to £213 a week due to greater operating efficiencies.

Earnings per share worked out 10.8 per cent higher at 14.99p. The interim dividend was lifted by 13.5 per cent to 2.7p.

Sainsbury's shares ended the day down 15p at 487p. *Lex, Page 16*

**YOU CAN PAY A HEAVY PRICE WHEN YOU GET ALL YOUR INFORMATION FROM JUST ONE SOURCE.**

Prophecy breaks the stronghold on treasury pricing, with more prices and daily volume. The Treasury Service can't come close.

Glasnost arrives on Wall Street. There's a new freedom of information on Wall Street. Its name is Prophecy; its mission is better prices. Deeper information. A new kind of complete, unrestricted access to the treasury market.

The best prices - what could be better? Prophecy delivers the best prices, with an astounding breadth and depth, because it's the first whole picture of the treasury market. Only Prophecy gathers and delivers the bids, offers and volume from five different interdealer brokers. You get the whole pie, not just a wedge, not the crumbs. And every Prophecy price is an executable price.

By comparison, Teletype limits you to prices from only a single source.

US Treasury Volume - how'd you live without it? Shockingly, the treasury market has labored without volume data for years. Now, Prophecy delivers the first and only real-time report of last trade volume and aggregate daily volume for each issue.

Freedom of choice, too. Teletype dictates your choice of distributors by restricting you to just one. But in Prophecy's open spirit, you get 8 distribution choices, and the list is growing.

Information is power. Dictators know it. Information is power. And it's equally true in the ruthless treasury market. By giving you more information, Prophecy gives you more power. The power to make sharper, smarter trades. To better read the market. To negotiate fully informed. Call us now and make Prophecy work for you. If you're not using it, you're blowing it. For more information call GOVFX at 212-785-0100.

**SUDDENLY YOU CAN SEE THE WHOLE PICTURE.**

**PROPHECY**  
- treasury pricing

GovPX

**New Issue** All of these securities having been sold, this announcement appears as a matter of record only.

**40,000,000 Ordinary Shares**

**The News Corporation Limited**

Global Coordinator  
**Merrill Lynch & Co.**  
5,000,000 Ordinary Shares

The above shares were underwritten by the following group of United Kingdom Underwriters.

**Merrill Lynch International Limited**  
**Barclays de Zoete Wedd Limited**  
**County NatWest Securities Limited**

**Kleinwort Benson Limited**  
**Prudential-Bache Securities (Australia) Limited**  
**N M Rothschild & Sons Limited**  
**UBS Phillips & Drew Securities Limited**  
**J.B. Wre & Son Limited**

**4,000,000 Ordinary Shares**

The above shares were underwritten by the following group of Multinational Underwriters.

**Merrill Lynch International Limited**  
**Credit Suisse First Boston Limited**  
**Deutsche Bank Aktiengesellschaft**

**James Capel & Co.**  
**Credit Lyonnais Securities**  
**Nomura International**  
**Paribas Capital Markets Group**  
**Swiss Bank Corporation**  
**J.B. Wre & Son Limited**

**13,000,000 Ordinary Shares**

The above shares were placed by the following Australian Underwriters.

**J.B. Wre & Son**  
**Merrill Lynch (Australia) Equities Limited**  
**Prudential-Bache Securities (Australia) Limited**

**9,000,000 American Depositary Shares**  
**Representing 18,000,000 Ordinary Shares**

The above shares were underwritten by the following group of U.S. Underwriters.

**Merrill Lynch & Co.**  
**Allen & Company Incorporated**  
**Donaldson, Lufkin & Jenrette Securities Corporation**  
**J.P. Morgan Securities Inc.**

**Bea, Stearns & Co. Inc.**  
**The First Boston Corporation**  
**Alex. Brown & Sons Incorporated**  
**A.G. Edwards & Sons, Inc.**  
**Furman Selz Incorporated**  
**Goldman, Sachs & Co. Incorporated**  
**Hambrecht & Quist Incorporated**  
**Lazard Frères & Co.**  
**Lehman Brothers Montgomery Securities**  
**Oppenheimer & Co., Inc. Incorporated**  
**Prudential Securities Incorporated**  
**Robertson, Stephens & Company**  
**Salomon Brothers Inc. Incorporated**  
**Smith Barney Harris Upham & Co. Incorporated**  
**Wasserstein Perella Securities, Inc.**  
**J.B. Wre & Son Inc.**  
**Wertheim Schroder & Co. Incorporated**  
**Dean Witter Reynolds Inc.**

**Advest, Inc.**  
**Arnhold and S. Bleichroeder, Inc.**  
**Robert W. Baird & Co. Incorporated**  
**Sanford C. Bernstein & Co., Inc. Incorporated**  
**William Blair & Company**  
**J.C. Bradford & Co.**  
**Cowen & Company**  
**Dain Bosworth Incorporated**  
**First of Michigan Corporation**  
**Gruntal & Co., Incorporated**  
**Interstate/Johnson Lane Corporation**  
**Janney Montgomery Scott Inc.**  
**Edward D. Jones & Co.**  
**Kemper Securities, Inc.**  
**Ladenburg, Thalmann & Co. Inc.**  
**C.J. Lawrence Inc.**  
**Legg Mason Wood Walker Incorporated**  
**McDonald & Company**  
**Morgan Keegan & Company, Inc.**  
**Needham & Company, Inc.**  
**Neuberger & Berman**  
**Piper Jaffray Inc.**  
**Ragen MacKenzie**  
**Raymond James & Associates, Inc.**  
**The Robinson-Humphrey Company, Inc.**  
**Scottdale (USA) Inc.**  
**Stephens Inc.**  
**Stifel, Nicolaus & Company**  
**Sutro & Co. Incorporated**  
**Tucker Anthony**  
**The Chicago Corporation**  
**Crowell, Weedon & Co.**  
**Dott & Co., Inc.**  
**Falmesstock & Co. Inc.**  
**First Manhattan Co.**  
**Gabelli & Company, Inc.**  
**Hanifan, Imhoff Inc.**  
**Mabon Securities Corp.**  
**The Ohio Company**  
**Pennsylvania Merchant Group Ltd**  
**Raffensperger, Hughes & Co. Incorporated**  
**Scott & Stringfellow Investment Corp.**  
**Seldier Amdec Securities Inc.**  
**Van Kasper & Company**  
**Wedbush Morgan Securities**



## INTERNATIONAL COMPANIES AND FINANCE

## Lion Nathan rises 64% after Bond purchase

By Terry Hall in Wellington

LION Nathan, Australia and New Zealand's biggest brewing group, yesterday announced a 64.3 per cent rise in net profits to NZ\$116.65m (US\$61.33m) for the 13 months to August, from NZ\$70.98m the year before.

The result reflected the purchase of the former Bond Brewing assets with effect from March 31. Up to that date, Lion Nathan owned half of the company, which owns the Swan, Tooheys and Castlemeane XXXX brands.

Directors said that a significant rise in operating profits was achieved in spite of difficult trading conditions in both Australia and New Zealand.

They said the outlook was for a further strong performance in the 1992-93 year, helped by the company's portfolio of strong brands.

But increased competition and difficult trading conditions in New Zealand and Australia would be a challenge.

While the result was slightly above analysts' expectations, there was surprise at the high level of extraordinary losses of NZ\$86.49m.

These included the sale of the former Woolworths New Zealand department store group Delta to Maori interests, resulting in a NZ\$30.25m loss.

Other extraordinary losses included a write-down on property interests of NZ\$4.41m, a loss of NZ\$10.32m on turnover of NZ\$11.04m against NZ\$112.95m.

Under this, Lion Nathan will pay AS\$38.38m to ACIL, which will be settled by the issue of Lion Nathan junior capital stock and ordinary shares.

The Australian beer market shrank by 3.5 per cent during the year and there was little growth in the soft drink industry. However, the directors said there were signs that the contraction in the beer markets in both Australia and New Zealand had bottomed out.

Lion Nathan Australia saw its national market share rise above 40 per cent. In New Zealand, the group's market share remained at 87 per cent.

New Zealand liquor activities produced net profits of NZ\$97.5m compared with NZ\$105.08m on lower sales of NZ\$525.59m against NZ\$711.49m. Net losses of NZ\$13.95m were incurred on soft drinks compared with NZ\$14.45m on turnover of NZ\$11.04m against NZ\$112.95m.

Other extraordinary losses included a write-down on property interests of NZ\$4.41m, a loss of NZ\$10.32m on turnover of NZ\$11.04m against NZ\$112.95m.

Other extraordinary losses included a write-down on property interests of NZ\$4.41m, a loss of NZ\$10.32m on turnover of NZ\$11.04m against NZ\$112.95m.

Other extraordinary losses included a write-down on property interests of NZ\$4.41m, a loss of NZ\$10.32m on turnover of NZ\$11.04m against NZ\$112.95m.

Other extraordinary losses included a write-down on property interests of NZ\$4.41m, a loss of NZ\$10.32m on turnover of NZ\$11.04m against NZ\$112.95m.

Other extraordinary losses included a write-down on property interests of NZ\$4.41m, a loss of NZ\$10.32m on turnover of NZ\$11.04m against NZ\$112.95m.

Other extraordinary losses included a write-down on property interests of NZ\$4.41m, a loss of NZ\$10.32m on turnover of NZ\$11.04m against NZ\$112.95m.

Other extraordinary losses included a write-down on property interests of NZ\$4.41m, a loss of NZ\$10.32m on turnover of NZ\$11.04m against NZ\$112.95m.

Other extraordinary losses included a write-down on property interests of NZ\$4.41m, a loss of NZ\$10.32m on turnover of NZ\$11.04m against NZ\$112.95m.

Other extraordinary losses included a write-down on property interests of NZ\$4.41m, a loss of NZ\$10.32m on turnover of NZ\$11.04m against NZ\$112.95m.

Other extraordinary losses included a write-down on property interests of NZ\$4.41m, a loss of NZ\$10.32m on turnover of NZ\$11.04m against NZ\$112.95m.

Other extraordinary losses included a write-down on property interests of NZ\$4.41m, a loss of NZ\$10.32m on turnover of NZ\$11.04m against NZ\$112.95m.

Other extraordinary losses included a write-down on property interests of NZ\$4.41m, a loss of NZ\$10.32m on turnover of NZ\$11.04m against NZ\$112.95m.

Other extraordinary losses included a write-down on property interests of NZ\$4.41m, a loss of NZ\$10.32m on turnover of NZ\$11.04m against NZ\$112.95m.

Other extraordinary losses included a write-down on property interests of NZ\$4.41m, a loss of NZ\$10.32m on turnover of NZ\$11.04m against NZ\$112.95m.

Other extraordinary losses included a write-down on property interests of NZ\$4.41m, a loss of NZ\$10.32m on turnover of NZ\$11.04m against NZ\$112.95m.

Other extraordinary losses included a write-down on property interests of NZ\$4.41m, a loss of NZ\$10.32m on turnover of NZ\$11.04m against NZ\$112.95m.

Other extraordinary losses included a write-down on property interests of NZ\$4.41m, a loss of NZ\$10.32m on turnover of NZ\$11.04m against NZ\$112.95m.

Other extraordinary losses included a write-down on property interests of NZ\$4.41m, a loss of NZ\$10.32m on turnover of NZ\$11.04m against NZ\$112.95m.

Other extraordinary losses included a write-down on property interests of NZ\$4.41m, a loss of NZ\$10.32m on turnover of NZ\$11.04m against NZ\$112.95m.

Other extraordinary losses included a write-down on property interests of NZ\$4.41m, a loss of NZ\$10.32m on turnover of NZ\$11.04m against NZ\$112.95m.

Other extraordinary losses included a write-down on property interests of NZ\$4.41m, a loss of NZ\$10.32m on turnover of NZ\$11.04m against NZ\$112.95m.

Other extraordinary losses included a write-down on property interests of NZ\$4.41m, a loss of NZ\$10.32m on turnover of NZ\$11.04m against NZ\$112.95m.

Other extraordinary losses included a write-down on property interests of NZ\$4.41m, a loss of NZ\$10.32m on turnover of NZ\$11.04m against NZ\$112.95m.

Other extraordinary losses included a write-down on property interests of NZ\$4.41m, a loss of NZ\$10.32m on turnover of NZ\$11.04m against NZ\$112.95m.

Other extraordinary losses included a write-down on property interests of NZ\$4.41m, a loss of NZ\$10.32m on turnover of NZ\$11.04m against NZ\$112.95m.

Other extraordinary losses included a write-down on property interests of NZ\$4.41m, a loss of NZ\$10.32m on turnover of NZ\$11.04m against NZ\$112.95m.

Other extraordinary losses included a write-down on property interests of NZ\$4.41m, a loss of NZ\$10.32m on turnover of NZ\$11.04m against NZ\$112.95m.

Other extraordinary losses included a write-down on property interests of NZ\$4.41m, a loss of NZ\$10.32m on turnover of NZ\$11.04m against NZ\$112.95m.

Other extraordinary losses included a write-down on property interests of NZ\$4.41m, a loss of NZ\$10.32m on turnover of NZ\$11.04m against NZ\$112.95m.

Other extraordinary losses included a write-down on property interests of NZ\$4.41m, a loss of NZ\$10.32m on turnover of NZ\$11.04m against NZ\$112.95m.

Other extraordinary losses included a write-down on property interests of NZ\$4.41m, a loss of NZ\$10.32m on turnover of NZ\$11.04m against NZ\$112.95m.

Other extraordinary losses included a write-down on property interests of NZ\$4.41m, a loss of NZ\$10.32m on turnover of NZ\$11.04m against NZ\$112.95m.

Other extraordinary losses included a write-down on property interests of NZ\$4.41m, a loss of NZ\$10.32m on turnover of NZ\$11.04m against NZ\$112.95m.

Other extraordinary losses included a write-down on property interests of NZ\$4.41m, a loss of NZ\$10.32m on turnover of NZ\$11.04m against NZ\$112.95m.

## Komatsu's earnings cut in building slowdown

By Robert Thomson in Tokyo

THE slowing of private construction orders and reductions in capital spending by Japanese manufacturers were blamed by Komatsu, the maker of construction machinery, for a 40.9 per cent fall in pre-tax profit to ¥12.1bn (¥88m) for the first half to the end of September.

Sales during the period were down 13.9 per cent to ¥259.7bn, with sales of construction equipment down 13.5 per cent to ¥200.6bn and those of industrial machinery down 31.9 per cent to ¥28.8bn. The figures reflect weak demand from the car and electrical goods industries.

Komatsu said the outlook for the rest of this year and next was clouded by "the lagging recovery in private sector equipment investment and by political and economic uncertainties at home and abroad".

But the company is confident the government's emergency economic package, announced in August, will lead to increased construction equipment orders for public projects, while a "relatively mild" recovery is expected in the US and Europe.

Overseas sales of its construction equipment fell 12.1 per cent, while those of industrial machinery were down 28.5 per cent during the first half. The fall in industrial machinery demand is a setback for the company's plans to broaden machinery production and reduce reliance on the construction market.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

Komatsu was weakened by the fall in stock prices as the value of its holdings fell from ¥349.8bn last September to ¥236.5bn this September.

## Sparkle on Fair and Reasonable diamonds

Emiko Terazono reports on the upheaval caused by the Japanese jewellery retailer

FR, a Japanese jewellery importer and retailer, is adding to the present woes of De Beers, the South African group, by taking a new approach in Japan's diamond market.

This has grown into one of the world's largest, thanks to the demand for luxury goods in the boom of the late 1980s.

Not only has FR - which stands for Fair and Reasonable - matched a contract to import polished diamonds from the recently re-named autonomous republic of Sakha - formerly Yakutia - which produces most of Russia's diamonds, it has also shocked the trade by publishing a monthly diamond price index, something De Beers believes strongly should be avoided.

With worldwide demand for diamonds languishing because of recession, the last thing De Beers needs is a rival in the Japanese market, which vies with the US as the world's biggest and accounts for about one-third of total diamond retail sales.

FR, a newcomer to the ¥1,000bn (¥8.18bn) Japanese retail market, is aggressively expanding at a time when other diamond distributors are cutting stocks. Last July, it set up a diamond shop in Ginza, the classy shopping district of Tokyo.

FR was listed on the over-the-counter market in April last year and has grown at a speed unprecedented in Japan. Headed by Mr Yoshinobu Suzuki, the 33-year-old president, sales have risen to ¥26bn since it was set up 10 years ago. But FR's share price has plunged 63 per cent from the beginning of last month after rumours of financial difficulties.

Mr Suzuki refutes the rumours, and stock market analysts suggest the stories may have been started by FR's competitors. "The company is up against the world's largest diamond cartel as well as long-standing Japanese retailers," points out Mr Saito Yamaoka, retail analyst at brokers James Capel. But Mr Yamazaki adds that FR undoubtedly faces hard times because of the fall in consumer spending.

Mr Suzuki says imports of polished diamonds from Sakha will start this month. He says FR has a contract to distribute 10 per cent of the diamonds which will be cut and polished in the republic by a joint venture company established in May between Yakutia and Arda, a Japanese trading company. Diamond cutters are being recruited from Moscow.

However, De Beers, which controls 80 per cent of world trade in rough diamonds, claimed last week that it had been given an undertaking by Sakha that, if a cutting centre was set up, De Beers would take charge, not the Japanese company.

Nevertheless, FR has already opened a stone polishing and cutting factory in Yamanashi prefecture, west of Tokyo, and wants to bring over trainees from Sakha. The company expects imports from Sakha, which will total some 6,000 carats during the next two months, gradually to increase to an annual 300,000 carats. Meanwhile, FR has derived a bid and

offering price for customers, by adding a 17 per cent margin to the average importers' price. Mr Suzuki says diamond prices at other retailers are two to five times higher than that of FR's.

He adds FR is ready to buy customers' diamonds bought from other retailers. "Before, people only had the option of a pawn shop to cash their diamonds. I want to create a secondary market," he says.

Mr Suzuki's scheme to create a secondary diamond market in Japan has triggered scores among his competitors. It is virtually impossible anywhere in the world to get even two traders to agree on the price of a polished diamond.

Despite the recession, Mr Suzuki puts on a brave face. He says that by offering quality diamonds at affordable prices, FR's sales and profits are expected to grow steadily. "In the bubble age, you could sell anything, even if it was expensive. Now people want to be satisfied without spending that much," he says.

Mr Suzuki's scheme to create a secondary diamond market in Japan has triggered scores among his competitors. It is virtually impossible anywhere in the world to get even two traders to agree on the price of a polished diamond.

Despite the recession, Mr Suzuki puts on a brave face. He says that by offering quality diamonds at affordable prices, FR's sales and profits are expected to grow steadily. "In the bubble age, you could sell anything, even if it was expensive. Now people want to be satisfied without spending that much," he says.

Mr Suzuki's scheme to create a secondary diamond market in Japan has triggered scores among his competitors. It is virtually impossible anywhere in the world to get even two traders to agree on the price of a polished diamond.

Despite the recession, Mr Suzuki puts on a brave face. He says that by offering quality diamonds at affordable prices, FR's sales and profits are expected to grow steadily. "In the bubble age, you could sell anything, even if it was expensive. Now people want to be satisfied without spending that much," he says.

Mr Suzuki's scheme to create a secondary diamond market in Japan has triggered scores among his competitors. It is virtually impossible anywhere in the world to get even two traders to agree on the price of a polished diamond.

Despite the recession, Mr Suzuki puts on a brave face. He says that by offering quality diamonds at affordable prices, FR's sales and profits are expected to grow steadily. "In the bubble age, you could sell anything, even if it was expensive. Now people want to be satisfied without spending that much," he says.

Mr Suzuki's scheme to create a secondary diamond market in Japan has triggered scores among his competitors. It is virtually impossible anywhere in the world to get even two traders to agree on the price of a polished diamond.

Despite the recession, Mr Suzuki puts on a brave face. He says that by offering quality diamonds at affordable prices, FR's sales and profits are expected to grow steadily. "In the bubble age, you could sell anything, even if it was expensive. Now people want to be satisfied without spending that much," he says.

Mr Suzuki's scheme to create a secondary diamond market in Japan has triggered scores among his competitors. It is virtually impossible anywhere in the world to get even two traders to agree on the price of a polished diamond.

Despite the recession, Mr Suzuki puts on a brave face. He says that by offering quality diamonds at affordable prices, FR's sales and profits are expected to grow steadily. "In the bubble age, you could sell anything, even if it was expensive. Now people want to be satisfied without spending that much," he says.

Mr Suzuki's scheme to create a secondary diamond market in Japan has triggered scores among his competitors. It is virtually impossible anywhere in the world to get even two traders to agree on the price of a polished diamond.

Despite the recession, Mr Suzuki puts on a brave face. He says that by offering quality diamonds at affordable prices, FR's sales and profits are expected to grow steadily. "In the bubble age, you could sell anything, even if it was expensive. Now people want to be satisfied without spending that much," he says.

Mr Suzuki's scheme to create a secondary diamond market in Japan has triggered scores among his competitors. It is virtually impossible anywhere in the world to get even two traders to agree on the price of a polished diamond.

Despite the recession, Mr Suzuki puts on a brave face. He says that by offering quality diamonds at affordable prices, FR's sales and profits are expected to grow steadily. "In the bubble age, you could sell anything, even if it was expensive. Now people want to be satisfied without spending that much," he says.

Mr Suzuki's scheme to create a secondary diamond market in Japan has triggered scores among his competitors. It is virtually impossible anywhere in the world to get even two traders to agree on the price of a polished diamond.

Despite the recession, Mr Suzuki puts on a brave face. He says that by offering quality diamonds at affordable prices, FR's sales and profits are expected to grow steadily. "In the bubble age, you could sell anything, even if it was expensive. Now people want to be satisfied without spending that much," he says.

Mr Suzuki's scheme to create a secondary diamond market in Japan has triggered scores among his competitors. It is virtually impossible anywhere in the world to get even two traders to agree on the price of a polished diamond.

Despite the recession, Mr Suzuki puts on a brave face. He says that by offering quality diamonds at affordable prices, FR's sales and profits are expected to grow steadily. "In the bubble age, you could sell anything, even if it was expensive. Now people want to be satisfied without spending that much," he says.

Mr Suzuki's scheme to create a secondary diamond market in Japan has triggered scores among his competitors. It is virtually impossible anywhere in the world to get even two traders to agree on the price of a polished diamond.

Despite the recession, Mr Suzuki puts on a brave face. He says that by offering quality diamonds at affordable prices, FR's sales and profits are expected to grow steadily. "In the bubble age, you could sell anything, even if it was expensive. Now people want to be satisfied without spending that much," he says.

Mr Suzuki's scheme to create a secondary diamond market in Japan has triggered scores among his competitors. It is virtually impossible anywhere in the world to get even two traders to agree on the price of a polished diamond.

Despite the recession, Mr Suzuki puts on a brave face. He says that by offering quality diamonds at affordable prices, FR's sales and profits are expected to grow steadily. "In the bubble age, you could sell anything, even if it was expensive. Now people want to be satisfied without spending that much," he says.

Mr Suzuki's scheme to create a secondary diamond market in Japan has triggered scores among his competitors. It is virtually impossible anywhere in the world to get even two traders to agree on the price of a polished diamond.

Despite the recession, Mr Suzuki puts on a brave face. He says that by offering quality diamonds at affordable prices, FR's sales and profits are expected to grow steadily. "In the bubble age, you could sell anything, even if it was expensive. Now people want to be satisfied without spending that much," he says.

Mr Suzuki's scheme to create a secondary diamond market in Japan has triggered scores among his competitors. It is virtually impossible anywhere in the world to get even two traders to agree on the price of a polished diamond.

Despite the recession, Mr Suzuki puts on a brave face. He says that by offering quality diamonds at affordable prices, FR's sales and profits are expected to grow steadily. "In the bubble age, you could sell anything, even if it was expensive. Now people want to be satisfied without spending that much," he says.

Mr Suzuki's scheme to create a secondary diamond market in Japan has triggered scores among his competitors. It is virtually impossible anywhere in the world to get even two traders to agree on the price of a polished diamond.

Despite the recession, Mr Suzuki puts on a brave face. He says that by offering quality diamonds at affordable prices, FR's sales and profits are expected to grow steadily. "In the bubble age, you could sell anything, even if it was expensive. Now people want to be satisfied without spending that much," he says.

Mr Suzuki's scheme to create a secondary diamond market in Japan has triggered scores among his competitors. It is virtually impossible anywhere in the world to get even two traders to agree on the price of a polished diamond.

Despite the recession, Mr Suzuki puts on a brave face. He says that by offering quality diamonds at affordable prices, FR's sales and profits are expected to grow steadily. "In the bubble age, you could sell anything, even if it was expensive. Now people want to be satisfied without spending that much," he says.

Mr Suzuki's scheme to create a secondary diamond market in Japan has triggered scores among his competitors. It is virtually impossible anywhere in the world to get even two traders to agree on the price of a polished diamond.



## INTERNATIONAL COMPANIES AND FINANCE

# Buoyant Woolworth rises sharply on strong sales

By Nikki Tait in New York

WOOLWORTH Corporation, the US retailer which operates both general merchandise outlets and specialty stores, yesterday reported sharply improved third-quarter results. The group hoisted after-tax profits from \$41m a year ago to \$65m.

The profits increase came on sales up by 3.2 per cent, at \$2.5bn overall. Within this advance, Woolworth saw faster progress on the specialty store side - sales rising by 4.4 per cent - while the general merchandise revenues only increased by 2.2 per cent.

However, Mr Harold Sells, chairman, said the group was "encouraged that the rate of increase in sales and profits in

the third quarter was greater than that of the first half". He added that the progress being made with Woolworth's store redeployment programme should mean "further improvements in sales and profits throughout the all-important fourth quarter".

The third-quarter results mean the stores group has now reported after-tax profits of \$115m for the first nine months of the year, on sales of \$6.83bn.

This compares with a net loss of \$38m in the same period of 1991, but the 1991 came after a one-off, non-cash charge of \$13m related to a change in accounting standards.

Yesterday, Woolworth shares responded with a 3% rise to \$53.

Woolworth said its revenues in the US were "essentially

flat". However, there was a reduction of approximately 8 per cent, year-on-year, in the number of stores operated, and on a comparable-store basis, sales rose by 2.4 per cent.

Overseas revenues rose by 7.5 per cent in US dollar terms, although if the currency translation was made at year-end foreign exchange rates, the rise would have been 4.6 per cent.

● F.W. Woolworth, a unit of Woolworth, said up to 40 locations would be added to its new Bargain! chain.

The company said the locations to be acquired were mainly in Ontario and eastern Canada and were occupied by the Bargain! chain.

It said some 20 Bargain! locations would be opened by the end of the month, and the balance early in the new year.

# RBC to set aside extra C\$900m for provisions

By Bernard Simon in Toronto

ROYAL Bank of Canada, the country's biggest financial institution, is almost doubling its 1992 loan loss provisions to reflect unexpectedly heavy write-downs on its real estate portfolio and other corporate loans to customers in the Toronto area.

The additional provisions and a one-time restructuring charge will slash the bank's net earnings for fiscal 1992 to about C\$100m (US\$42m), down from C\$850m in 1991.

The bank said it was setting aside an extra C\$900m in provisions for the fourth quarter of fiscal 1992, which ended on October 31. This would raise provisions for the year to C\$2.1bn, from an earlier estimate of C\$1.2bn.

Restructuring costs of C\$130m will also be charged against income. These charges will result in a fourth-quarter loss of about C\$480m, or C\$1.65 per share.

The bank said more than half the additional write-down applied to "a number of accounts" in the commercial real estate industry.

Earlier this year, RBC added C\$300m to its loan-loss reserves, largely to cover expected losses from C\$780m exposure to Olympia & York.

But this was offset by an identical reversal in earlier provisions on third world loans.

RBC said the remaining write-downs were concentrated among corporate customers around Toronto, which has been among the hardest hit parts of Canada during the recession.

Non-performing loans on October 31 totalled about C\$3.7bn, a C\$500m increase from three months earlier. The bank said it had classified as non-accrual accounts those which are still servicing their debts but which may run into difficulty later on.

RBC said it expected to maintain its dividend and its capital ratios remained well above regulatory requirements. It added that problems were confined to its corporate loan portfolio while its retail, treasury and securities businesses were performing strongly.

RBC said it expected to maintain its dividend and its capital ratios remained well above regulatory requirements. It added that problems were confined to its corporate loan portfolio while its retail, treasury and securities businesses were performing strongly.

RBC said it expected to maintain its dividend and its capital ratios remained well above regulatory requirements. It added that problems were confined to its corporate loan portfolio while its retail, treasury and securities businesses were performing strongly.

RBC said it expected to maintain its dividend and its capital ratios remained well above regulatory requirements. It added that problems were confined to its corporate loan portfolio while its retail, treasury and securities businesses were performing strongly.

RBC said it expected to maintain its dividend and its capital ratios remained well above regulatory requirements. It added that problems were confined to its corporate loan portfolio while its retail, treasury and securities businesses were performing strongly.

RBC said it expected to maintain its dividend and its capital ratios remained well above regulatory requirements. It added that problems were confined to its corporate loan portfolio while its retail, treasury and securities businesses were performing strongly.

RBC said it expected to maintain its dividend and its capital ratios remained well above regulatory requirements. It added that problems were confined to its corporate loan portfolio while its retail, treasury and securities businesses were performing strongly.

RBC said it expected to maintain its dividend and its capital ratios remained well above regulatory requirements. It added that problems were confined to its corporate loan portfolio while its retail, treasury and securities businesses were performing strongly.

RBC said it expected to maintain its dividend and its capital ratios remained well above regulatory requirements. It added that problems were confined to its corporate loan portfolio while its retail, treasury and securities businesses were performing strongly.

RBC said it expected to maintain its dividend and its capital ratios remained well above regulatory requirements. It added that problems were confined to its corporate loan portfolio while its retail, treasury and securities businesses were performing strongly.

RBC said it expected to maintain its dividend and its capital ratios remained well above regulatory requirements. It added that problems were confined to its corporate loan portfolio while its retail, treasury and securities businesses were performing strongly.

RBC said it expected to maintain its dividend and its capital ratios remained well above regulatory requirements. It added that problems were confined to its corporate loan portfolio while its retail, treasury and securities businesses were performing strongly.

RBC said it expected to maintain its dividend and its capital ratios remained well above regulatory requirements. It added that problems were confined to its corporate loan portfolio while its retail, treasury and securities businesses were performing strongly.

RBC said it expected to maintain its dividend and its capital ratios remained well above regulatory requirements. It added that problems were confined to its corporate loan portfolio while its retail, treasury and securities businesses were performing strongly.

RBC said it expected to maintain its dividend and its capital ratios remained well above regulatory requirements. It added that problems were confined to its corporate loan portfolio while its retail, treasury and securities businesses were performing strongly.

RBC said it expected to maintain its dividend and its capital ratios remained well above regulatory requirements. It added that problems were confined to its corporate loan portfolio while its retail, treasury and securities businesses were performing strongly.

RBC said it expected to maintain its dividend and its capital ratios remained well above regulatory requirements. It added that problems were confined to its corporate loan portfolio while its retail, treasury and securities businesses were performing strongly.

RBC said it expected to maintain its dividend and its capital ratios remained well above regulatory requirements. It added that problems were confined to its corporate loan portfolio while its retail, treasury and securities businesses were performing strongly.

RBC said it expected to maintain its dividend and its capital ratios remained well above regulatory requirements. It added that problems were confined to its corporate loan portfolio while its retail, treasury and securities businesses were performing strongly.

RBC said it expected to maintain its dividend and its capital ratios remained well above regulatory requirements. It added that problems were confined to its corporate loan portfolio while its retail, treasury and securities businesses were performing strongly.

RBC said it expected to maintain its dividend and its capital ratios remained well above regulatory requirements. It added that problems were confined to its corporate loan portfolio while its retail, treasury and securities businesses were performing strongly.

RBC said it expected to maintain its dividend and its capital ratios remained well above regulatory requirements. It added that problems were confined to its corporate loan portfolio while its retail, treasury and securities businesses were performing strongly.

RBC said it expected to maintain its dividend and its capital ratios remained well above regulatory requirements. It added that problems were confined to its corporate loan portfolio while its retail, treasury and securities businesses were performing strongly.

RBC said it expected to maintain its dividend and its capital ratios remained well above regulatory requirements. It added that problems were confined to its corporate loan portfolio while its retail, treasury and securities businesses were performing strongly.

RBC said it expected to maintain its dividend and its capital ratios remained well above regulatory requirements. It added that problems were confined to its corporate loan portfolio while its retail, treasury and securities businesses were performing strongly.

RBC said it expected to maintain its dividend and its capital ratios remained well above regulatory requirements. It added that problems were confined to its corporate loan portfolio while its retail, treasury and securities businesses were performing strongly.

RBC said it expected to maintain its dividend and its capital ratios remained well above regulatory requirements. It added that problems were confined to its corporate loan portfolio while its retail, treasury and securities businesses were performing strongly.

RBC said it expected to maintain its dividend and its capital ratios remained well above regulatory requirements. It added that problems were confined to its corporate loan portfolio while its retail, treasury and securities businesses were performing strongly.

RBC said it expected to maintain its dividend and its capital ratios remained well above regulatory requirements. It added that problems were confined to its corporate loan portfolio while its retail, treasury and securities businesses were performing strongly.

# Nissan faces a strategic dilemma

Steven Butler looks at the Japanese group's attempts at recovery

WHEN Nissan Motor, Japan's second-largest vehicle maker, announced Y21.99bn (\$180m) parent company net interim losses this week, Mr Atsushi Muramatsu, executive vice-president, gave a telling clue about the terrible dilemma the company faces as it charts a path to recovery.

According to Mr Muramatsu, Nissan lost domestic market share partly because Nissan dealers were not discounting vehicles enough to match the competition. Instead, they were attempting to boost profits by maintaining a reasonable margin on each sale. In the future, Mr Muramatsu suggested, dealers would have to be cut to prevent Nissan losing even more customers.

His remarks are an ironic turnabout for the company. Just half a year ago, Mr Yutaka Kume, then president and now chairman, said Nissan would stop placing so much emphasis on market share and would attempt to sell vehicles by stressing high quality, not low prices.

In six months, the strategy appears to have run its course. With unit sales plummeting 12.5 per cent at home and its domestic market share falling by 1.3 points to 22.3 per cent, Nissan is in no position to dictate prices to its customers.

The fact remains that Nissan manages a capital-intensive, volume-driven business, in which the economies of scale, and therefore profits, collapse rapidly when sales decline.

While Nissan's short-term difficulties are no doubt caused by the collapse in consumer spending in Japan, the sales volume versus profit margin choice reflects a deeper dilemma facing the company: how to position itself between Toyota, with a commanding 40 per cent share of the market, and company's such as Honda, Mazda and Mitsubishi Motors, which are smaller and more nimble.

For years Nissan tried to take on Toyota, selling a full range of middle-of-the-road vehicles designed to appeal to a mass, high-volume market.

Nissan, however, could never match Toyota's economies of scale and never approached Toyota's super-efficient management style. It watched its market share erode steadily from 30 per cent to 24 per cent by the mid-1980s.

Mr Kume managed to stem the slide for several years by introducing a proliferation of radically-styled vehicles that brightened the image of the company among consumers.

Unfortunately, however, where Nissan led, Honda, Mitsubishi, Mazda and to some extent Toyota, followed with great success, virtually wiping out any gains for Nissan.

Nissan now finds itself with a broad slate of models on the market, about the same number as Toyota, but with only half of Toyota's volumes. And its consolidated debt has risen dangerously, to a net Y3,568bn, or 147 per cent of equity, at the end of March.

More fundamentally, Nissan's strategic dilemma is unsolved: should it be the general motor manufacturer offering a full range of models to serve all needs, or should it be more like its smaller rivals, which have very successfully targeted individual models to well-defined customer groups?

For the time being, Mr Yoshikazu Tsuji, appointed Nissan president in June, appears content to straddle the line between these two choices while focusing his attention on reducing costs.

Mr Tsuji, who came out of the engineering side of the business, believes Nissan's cars are too complicated to build, and he has set a goal of raising labour productivity by 10 per cent a year for three years.

Nissan is adopting other measures to cut costs, such as banning overtime, reducing new hiring, and shrinking the size of the workforce by 4,000, or 6 per cent, in three years.

The question, however, is whether Nissan's competitors and its customers will give it this much time to adjust. Nissan says it should be able to break even in the second half of the year, but this appears optimistic given the steep plunge in its sales in recent months. While vehicles sales in Japan fell by 14 per cent in October, Nissan sales plummeted by 23 per cent.

At the same time, Toyota has shown no sign of wanting to lift its margins by raising prices. Rather, its value-for-money approach to serving customers is riding through the recession unscathed and this directly increases the pressure on Nissan.

The fact is that with Toyota, Nissan and Mazda recently building new factories, Japan has far too much manufacturing capacity. Most analysts reckon the market is unlikely to regain its 1990 peak in sales volume until after 1995, and is unlikely, for demographic reasons, ever again to show sustained, rapid growth, following the surge of the late 1980s.

Thus manufacturing capacity will have to be severely pruned and given Nissan's weak balance sheet and poor profitability, it could easily be forced to make unpalatable choices in the months ahead.



Yoshikazu Tsuji: aims to raise labour productivity



Yutaka Kume: introduced radically-styled vehicles

cars are too complicated to build, and he has set a goal of raising labour productivity by 10 per cent a year for three years.

Nissan is adopting other measures to cut costs, such as banning overtime, reducing new hiring, and shrinking the size of the workforce by 4,000, or 6 per cent, in three years.

The question, however, is whether Nissan's competitors and its customers will give it this much time to adjust. Nissan says it should be able to break even in the second half of the year, but this appears optimistic given the steep plunge in its sales in recent months. While vehicles sales in Japan fell by 14 per cent in October, Nissan sales plummeted by 23 per cent.

At the same time, Toyota has shown no sign of wanting to lift its margins by raising prices. Rather, its value-for-money approach to serving customers is riding through the recession unscathed and this directly increases the pressure on Nissan.

The fact is that with Toyota, Nissan and Mazda recently building new factories, Japan has far too much manufacturing capacity. Most analysts reckon the market is unlikely to regain its 1990 peak in sales volume until after 1995, and is unlikely, for demographic reasons, ever again to show sustained, rapid growth, following the surge of the late 1980s.

Thus manufacturing capacity will have to be severely pruned and given Nissan's weak balance sheet and poor profitability, it could easily be forced to make unpalatable choices in the months ahead.

The fact is that with Toyota, Nissan and Mazda recently building new factories, Japan has far too much manufacturing capacity. Most analysts reckon the market is unlikely to regain its 1990 peak in sales volume until after 1995, and is unlikely, for demographic reasons, ever again to show sustained, rapid growth, following the surge of the late 1980s.

Thus manufacturing capacity will have to be severely pruned and given Nissan's weak balance sheet and poor profitability, it could easily be forced to make unpalatable choices in the months ahead.

The fact is that with Toyota, Nissan and Mazda recently building new factories, Japan has far too much manufacturing capacity. Most analysts reckon the market is unlikely to regain its 1990 peak in sales volume until after 1995, and is unlikely, for demographic reasons, ever again to show sustained, rapid growth, following the surge of the late 1980s.

Thus manufacturing capacity will have to be severely pruned and given Nissan's weak balance sheet and poor profitability, it could easily be forced to make unpalatable choices in the months ahead.

The fact is that with Toyota, Nissan and Mazda recently building new factories, Japan has far too much manufacturing capacity. Most analysts reckon the market is unlikely to regain its 1990 peak in sales volume until after 1995, and is unlikely, for demographic reasons, ever again to show sustained, rapid growth, following the surge of the late 1980s.

Thus manufacturing capacity will have to be severely pruned and given Nissan's weak balance sheet and poor profitability, it could easily be forced to make unpalatable choices in the months ahead.

The fact is that with Toyota, Nissan and Mazda recently building new factories, Japan has far too much manufacturing capacity. Most analysts reckon the market is unlikely to regain its 1990 peak in sales volume until after 1995, and is unlikely, for demographic reasons, ever again to show sustained, rapid growth, following the surge of the late 1980s.

Thus manufacturing capacity will have to be severely pruned and given Nissan's weak balance sheet and poor profitability, it could easily be forced to make unpalatable choices in the months ahead.

The fact is that with Toyota, Nissan and Mazda recently building new factories, Japan has far too much manufacturing capacity. Most analysts reckon the market is unlikely to regain its 1990 peak in sales volume until after 1995, and is unlikely, for demographic reasons, ever again to show sustained, rapid growth, following the surge of the late 1980s.

Thus manufacturing capacity will have to be severely pruned and given Nissan's weak balance sheet and poor profitability, it could easily be forced to make unpalatable choices in the months ahead.

The fact is that with Toyota, Nissan and Mazda recently building new factories, Japan has far too much manufacturing capacity. Most analysts reckon the market is unlikely to regain its 1990 peak in sales volume until after 1995, and is unlikely, for demographic reasons, ever again to show sustained, rapid growth, following the surge of the late 1980s.

Thus manufacturing capacity will have to be severely pruned and given Nissan's weak balance sheet and poor profitability, it could easily be forced to make unpalatable choices in the months ahead.

The fact is that with Toyota, Nissan and Mazda recently building new factories, Japan has far too much manufacturing capacity. Most analysts reckon the market is unlikely to regain its 1990 peak in sales volume until after 1995, and is unlikely, for demographic reasons, ever again to show sustained, rapid growth, following the surge of the late 1980s.

Thus manufacturing capacity will have to be severely pruned and given Nissan's weak balance sheet and poor profitability, it could easily be forced to make unpalatable choices in the months ahead.

The fact is that with Toyota, Nissan and Mazda recently building new factories, Japan has far too much manufacturing capacity. Most analysts reckon the market is unlikely to regain its 1990 peak in sales volume until after 1995, and is unlikely, for demographic reasons, ever again to show sustained, rapid growth, following the surge of the late 1980s.

Thus manufacturing capacity will have to be severely pruned and given Nissan's weak balance sheet and poor profitability, it could easily be forced to make unpalatable choices in the months ahead.

The fact is that with Toyota, Nissan and Mazda recently building new factories, Japan has far too much manufacturing capacity. Most analysts reckon the market is unlikely to regain its 1990 peak in sales volume until after 1995, and is unlikely, for demographic reasons, ever again to show sustained, rapid growth, following the surge of the late 1980s.

Thus manufacturing capacity will have to be severely pruned and given Nissan's weak balance sheet and poor profitability, it could easily be forced to make unpalatable choices in the months ahead.

The fact is that with Toyota, Nissan and Mazda recently building new factories, Japan has far too much manufacturing capacity. Most analysts reckon the market is unlikely to regain its 1990 peak in sales volume until after 1995, and is unlikely, for demographic reasons, ever again to show sustained, rapid growth, following the surge of the late 1980s.

Thus manufacturing capacity will have to be severely pruned and given Nissan's weak balance sheet and poor profitability, it could easily be forced to make unpalatable choices in the months ahead.

The fact is that with Toyota, Nissan and Mazda recently building new factories, Japan has far too much manufacturing capacity. Most analysts reckon the market is unlikely to regain its 1990 peak in sales volume until after 1995, and is unlikely, for demographic reasons, ever again to show sustained, rapid growth, following the surge of the late 1980s.

Thus manufacturing capacity will have to be severely pruned and given Nissan's weak balance sheet and poor profitability, it could easily be forced to make unpalatable choices in the months ahead.

The fact is that with Toyota, Nissan and Mazda recently building new factories, Japan has far too much manufacturing capacity. Most analysts reckon the market is unlikely to regain its 1990 peak in sales volume until after 1995, and is unlikely, for demographic reasons, ever again to show sustained, rapid growth, following the surge of the late 1980s.

Thus manufacturing capacity will have to be severely pruned and given Nissan's weak balance sheet and poor profitability, it could easily be forced to make unpalatable choices in the months ahead.

# Air Canada posts C\$14m loss

By Robert Gibbons in Montreal

AIR CANADA, which has dropped its merger plan with rival Canadian Airlines International, reported a C\$14m (US\$11.6m) loss for the third quarter, its busiest period.

The latest loss, equivalent to 19 cents a share, compares with a profit of C\$4m, or 8 cents a share, a year earlier. Operating revenues were up 4.6 per cent to just over C\$1bn.

Revenue passenger miles flown totalled 4,650, up from 4,500 and with three new Boeing 747s brought out of storage last spring, capacity was up 14 per cent.

Mr Hollis Harris, president and chief executive, said that "during the third quarter, strict cost control measures have helped us achieve a 14 per cent increase in available seat miles with only a 6 per cent

increase in operating expense. However, the worldwide softness in passenger yields, particularly on transatlantic routes, has eroded much of the benefits produced by the aggressive management of costs."

Operating profit before financial charges for the latest quarter was C\$39m, against C\$47m, while asset sales increased cash by C\$407m to C\$611m. The main disposal was the En Route credit card operation.

The nine-month loss came out at C\$307m, or C\$4.14 a share, against a deficit of C\$126m, or C\$1.70 a share, a year earlier, on revenues virtually static at C\$2.7bn. The period included a loss of C\$97m on operations, interest charges of C\$168m and severance costs of C\$82m.

Air Canada announced this week it had failed to reach a merger deal with Canadian

because it maintained the pre-merger terms would not have created a viable airline and was not in its shareholders' best interests.

Industry sources say Air Canada may attempt a new merger deal or try to acquire some assets from Canadian. Canadian has begun new talks with American Airlines which are aimed at reviving American's offer to buy a 25 per cent equity stake in Canadian's parent company, FWA, for C\$250m. Canadian's employees would make pay concessions and find further equity - a package worth \$300m.

Air Canada is now one of three remaining bidders for Continental Airlines of the US. Lufthansa dropped out on Monday. Air Canada and a Texas group have offered US\$425m for a restructured Continental, and the winner is expected to be announced early next week.

Air Canada is now one of three remaining bidders for Continental Airlines of the US. Lufthansa dropped out on Monday. Air Canada and a Texas group have offered US\$425m for a restructured Continental, and the winner is expected to be announced early next week.

Air Canada is now one of three remaining bidders for Continental Airlines of the US. Lufthansa dropped out on Monday. Air Canada and a Texas group have offered US\$425m for a restructured Continental, and the winner is expected to be announced early next week.

Air Canada is now one of three remaining bidders for Continental Airlines of the US. Lufthansa dropped out on Monday. Air Canada and a Texas group have offered US\$425m for a restructured Continental, and the winner is expected to be announced early next week.

Air Canada is now one of three remaining bidders for Continental Airlines of the US. Lufthansa dropped out on Monday. Air Canada and a Texas group have offered US\$425m for a restructured Continental, and the winner is expected to be announced early next week.

Air Canada is now one of three remaining bidders for Continental Airlines of the US. Lufthansa dropped out on Monday. Air Canada and a Texas group have offered US\$425m for a restructured Continental, and the winner is expected to be announced early next week.

Air Canada is now one of three remaining bidders for Continental Airlines of the US. Lufthansa dropped out on Monday. Air Canada and a Texas group have offered US\$425m for a restructured Continental, and the winner is expected to be announced early next week.

Air Canada is now one of three remaining bidders for Continental Airlines of the US. Lufthansa dropped out on Monday. Air Canada and a Texas group have offered US\$425m for a restructured Continental, and the winner is expected to be announced early next week.

Air Canada is now one of three remaining bidders for Continental Airlines of the US. Lufthansa dropped out on Monday. Air Canada and a Texas group have offered US\$425m for a restructured Continental, and the winner is expected to be announced early next week.

Air Canada is now one of three remaining bidders for Continental Airlines of the US. Lufthansa dropped out on Monday. Air Canada and a Texas group have offered US\$425m for a restructured Continental, and the winner is expected to be announced early next week.

Air Canada is now one of three remaining bidders for Continental Airlines of the US. Lufthansa dropped out on Monday. Air Canada and a Texas group have offered US\$425m for a restructured Continental, and the winner is expected to be announced early next week.

Air Canada is now one of three remaining bidders for Continental Airlines of the US. Lufthansa dropped out on Monday. Air Canada and a Texas group have offered US\$425m for a restructured Continental, and the winner is expected to be announced early next week.

Air Canada is now one of three remaining bidders for Continental Airlines of the US. Lufthansa dropped out on Monday. Air Canada and a Texas group have offered US\$425m for a restructured Continental, and the winner is expected to be announced early next week.

Air Canada is now one of three remaining bidders for Continental Airlines of the US. Lufthansa dropped out on Monday. Air Canada and a Texas group have offered US\$425m for a restructured Continental, and the winner is expected to be announced early next week.

Air Canada is now one of three remaining bidders for Continental Airlines of the US. Lufthansa dropped out on Monday. Air Canada and a Texas group have offered US\$425m for a restructured Continental, and the winner is expected to be announced early next week.

Air Canada is now one of three remaining bidders for Continental Airlines of the US. Lufthansa dropped out on Monday. Air Canada and a Texas group have offered US\$425m for a restructured Continental, and the winner is expected to be announced early next week.

Air Canada is now one of three remaining bidders for Continental Airlines of the US. Lufthansa dropped out on Monday. Air Canada and a Texas group have offered US\$425m for a restructured Continental, and the winner is expected to be announced early next week.

Air Canada is now one of three remaining bidders for Continental Airlines of the US. Lufthansa dropped out on Monday. Air Canada and a Texas group have offered US\$425m for a restructured Continental, and the winner is expected to be announced early next week.

Air Canada is now one of three remaining bidders for Continental Airlines of the US. Lufthansa dropped out on Monday. Air Canada and a Texas group have offered US\$425m for a restructured Continental, and the winner is expected to be announced early next week.

Air Canada is now one of three remaining bidders for Continental Airlines of the US. Lufthansa dropped out on Monday. Air Canada and a Texas group have offered US\$425m for a restructured Continental, and the winner is expected to be announced early next week.

Air Canada is now one of three remaining bidders for Continental Airlines of the US. Lufthansa dropped out on Monday. Air Canada and a Texas group have offered US\$425m for a restructured Continental, and the winner is expected to be announced early next week.

Air Canada is now one of three remaining bidders for Continental Airlines of the US. Lufthansa dropped out on Monday. Air Canada and a Texas group have offered US\$425m for a restructured Continental, and the winner is expected to be announced early next week.

Air Canada is now one of three remaining bidders for Continental Airlines of the US. Lufthansa dropped out on Monday. Air Canada and a Texas group have offered US\$425m for a restructured Continental, and the winner is expected to be announced early next week.

Air Canada is now one of three remaining bidders for Continental Airlines of the US. Lufthansa dropped out on Monday. Air Canada and a Texas group have offered US\$425m for a restructured Continental, and the winner is expected to be announced early next week.

Air Canada is now one of three remaining bidders for Continental Airlines of the US. Lufthansa dropped out on Monday. Air Canada and a Texas group have offered US\$425m for a restructured Continental, and the winner is expected to be announced early next week.

Air Canada is now one of three remaining bidders for Continental Airlines of the US. Lufthansa dropped out on Monday. Air Canada and a Texas group have offered US\$425m for a restructured Continental, and the winner is expected to be announced early next week.

Air Canada is now one of three remaining bidders for Continental Airlines of the US. Lufthansa dropped out on Monday. Air Canada and a Texas group have offered US\$425m for a restructured Continental, and the



## INTERNATIONAL COMPANIES AND CAPITAL MARKETS

## Record HK offer reflects investor interest in China

By Simon Holberton  
in Hong Kong

THE extraordinary investor interest in China was emphatically underlined yesterday when China Travel Service, a Beijing-owned company in Hong Kong, said its offer to the public of a 25 per cent interest in a subsidiary was 411 times oversubscribed.

In contrast to other markets where new issues are failing to entice investors, local and international investors stumped up HK\$150bn (\$19.4bn) to participate in an issue of 400m shares of HK\$1 each in China Travel International Investment Hong Kong (CTIH).

The amount of money committed to the flotation was not far short of the capital cost of the colony's multi-billion dollar airport and related infrastructure projects - currently

delayed due to a rupture in relations between Britain and China - and is the largest ever oversubscription in Hong Kong. Interest on the money, which CTS has for a week, would earn it about HK\$30m.

In light of the tensions between the UK and China - due to plans to widen democracy in the colony before China's resumption of sovereignty in 1997 - the enthusiasm for the new issue also took many local analysts by surprise.

CTS is one of the oldest Chinese companies in Hong Kong and has been controlled by Beijing since the Communists assumed power in 1949. It opened for business in the colony in 1928.

CTS is one of the "four heavy sisters" - along with China Resources, China Merchants and Bank of China - and the second of them to float a subsidiary on the Hong Kong

market. In July, China Merchants floated a subsidiary which was 373 times oversubscribed.

In 1991, CTS made profits of HK\$97.3m on turnover of HK\$305.8m. The company's assets are a 51 per cent interest in two theme parks in Shenzhen, the special economic zone to the north of Hong Kong, and CTS's freight forwarding and transportation businesses.

Mr Ma Chi Man, deputy chairman of CTS, said yesterday that CTIH would be CTS's main listed vehicle in Hong Kong. In due course it may sell some of CTS's other assets to it.

CTS has four main operating divisions - tourism, freight transport, trading and investment - and has ambitious plans for expansion in Hong Kong, Macao, China and elsewhere in Asia.

## Nordbanken hopes for break-even next year

By Robert Peston,  
Banking Editor

MR JACOB Palmstierna, new chairman of Nordbanken, the loss-making Swedish bank, yesterday said he hoped the group's annual bad debt charge would peak this year and that the bank would break even next year.

However, he said that the government was unlikely to be in a position to sell its 100 per cent holding in the bank for a least two years.

"I think the government would be happy if it could outline a plan for privatisation in August or September 1994, before the next election," he said.

The Swedish government was forced to buy out the minority shareholders in Nordbanken and promise financial support earlier this year because of the bank's escalating losses.

Mr Palmstierna, who became chairman in September, said that the charge for bad debts was likely to be SKr12bn (\$2.04bn) this year, compared with operating revenues of only SKr2bn to SKr2.5bn.

He added that the bank had received SKr10bn in new capital from the government only two days ago.

The bank is being reconstructed. Bad loans of SKr60bn are being transferred to a new subsidiary, called Securum, which will be demerged early in the new year. At that time, Securum should receive an injection of another SKr10bn of government money.

Mr Palmstierna said Securum was likely to receive further financial support from the government. He hopes that Nordbanken will break even next year, after the reconstruction, and that it should return to profit in 1994. When Securum is hired off, Nordbanken's ratio of tier 1 or core capital to assets should be 8 per cent, above the internationally agreed minimum level.

Swedish banks have been very badly hurt by an fall of between 40 per cent and 80 per cent in commercial property prices over the past two years.

## Bad times for global equity flows

Richard Waters examines the continuing decline in trading activity

IN the far-off heady days of the mid-1980s, there seemed little doubt that equity markets were on the verge of going global. The slumbering giant of the international investment world, the US, had stirred as its investors began to look abroad for better returns than those available at home. Nothing would ever be the same again.

Today, that vision looks increasingly simplistic, even if there are still plenty of pundits predicting the coming of the global equity market. The crash of the Tokyo stock market - after many foreign investors had jumped in, guessing that share prices had touched bottom - and the volatility in currency markets this year give ample warning of the risks that lie in wait for international equity investors.

That global equity flows dipped in 1991, and have continued to decline further this year, is reported by Baring Securities, the UK investment house, in the latest of a series of annual studies of the international share markets. The report, produced by global equity strategists Michael Howell and Angela Cozzini, follows the pattern of similar studies produced previously while the pair worked for Salomon Brothers.

According to the Baring study, the value of foreign shares traded dropped by 9 per cent in 1991, to \$2,100bn. In

INTERNATIONAL EQUITY FLOWS (\$bn)						
Investors from:	Market for		UK	Cont. Europe	Rest of world	Total
	US	Japan				
US	-	17.23	12.91	7.97	5.20	43.31
Japan	1.16	-	(0.85)	0.94	2.35	3.62
UK	(0.31)	14.37	-	7.36	4.42	25.84
Cont. Europe	0.54	11.31	(2.88)	2.00	3.21	14.19
Rest of World	9.61	8.91	(3.34)	0.11	3.36	18.67
Total	11.02	46.83	5.84	18.38	18.67	100.64

Source: Baring Securities

Source: Baring Securities

terms of share volume, there was a more marked 20 per cent fall. Net equity investment abroad still rose to \$100bn, though, higher than its previous peak of \$92bn in 1989. The message: overseas investment is still creeping up, even though trading activity has slumped.

Much of the foreign investment that did go ahead in 1991 was badly timed. Of the \$100bn of net buying, nearly half was accounted for by purchases of Japanese shares, ahead of the renewed slide in prices earlier this year. Much of this money was pulled out again as asset allocators panicked, says Mr Howell - missing out on the subsequent bounce in Japanese share prices.

Baring's research also indicates that foreign buying of US shares has been particularly badly timed. When foreigners sell, prices go up: when they buy, they fall, says Mr Howell. Last year, foreign buying of US shares was minimal, with the

only significant purchases coming from investors outside Europe and Japan (see table).

Meanwhile, international investment emanating from some regions was very subdued last year. Japanese investors, who had spent a net \$18bn buying foreign shares in 1990, paid out only \$3.6bn in 1991. UK and continental European investors, while remaining substantial figures on the world stage with net purchases of nearly \$40bn, nevertheless slipped from their 1989 record of \$46bn. It was left to the US to plug the gap: it exported a net \$43bn of equity capital, more than double its 1989 level.

Despite these difficulties, however, the overall trend in the nature of overseas investment seems likely to continue. In the late 1970s, just 5 per cent of international capital flows was accounted for by equity investment. By last year, that proportion

had leapt to 36 per cent, reflecting the new dominance of institutional investors as providers of international capital.

Also, the fall-off in foreign share trading has been less pronounced than the decline in domestic trading on most of the world's exchanges. That means that, as a proportion of all share trades, foreign transactions continued to creep up last year, to 19 per cent.

The emerging markets of Latin America and the Far East continue to attract a large proportion of net overseas investment. In addition, Baring reports, investors have begun for the first time to switch funds actively between these two regions in pursuit of higher returns. While Latin America attracted substantial equity investment in the first quarter of this year, for instance, much of the money has since been moved across to the Far East, says Mr Howell.

In all, the emerging markets attracted a net \$14bn last year, almost identical to the investment in each of the previous two years. In that period, just over a fifth of net overseas share buying has been directed at the emerging markets. If primary share issues were included, that proportion would rise to more than a quarter.

*International Equity Flows, Baring Securities, 1992.*

## DnB shares hit by deeper losses

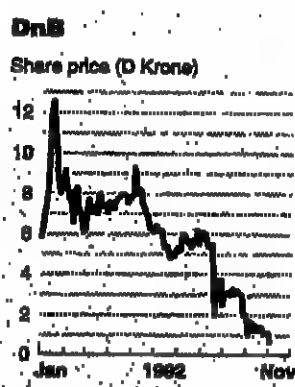
By Karen Fossell  
in Oslo

DEN NORSKE BANK, Norway's biggest bank, yesterday disclosed nine-month net losses of Nkr2.46bn (\$385m) - up from Nkr2.33bn a year earlier - and announced plans to seek further state cash following last year's Nkr5.9bn government rescue.

Mr Finn Hystad, group managing director, would not reveal the amount of support the bank needed, but did not rule out the possibility of DnB not meeting its capital adequacy requirements by the end of the year.

At the end of September, the bank's capital adequacy was 8.3 per cent of risk-weight assets of Nkr162.5bn. Norway's banks are required to meet a minimum of 8 per cent by the end of 1992.

Mr Trond Reinertsen, head of the Norwegian Banks Association, has suggested that banks should aim to obtain a capital adequacy of 10 per cent. If DnB aims for 10 per cent, it may need an estimated Nkr2bn to Nkr3bn in fresh capital, according to analysts.



Yesterday, DnB A shares again fell heavily, sliding by 23 per cent to a new all-time low of Nkr0.50.

Analysts fear DnB may be forced to write down the value of its shares to zero. Mr Hystad said this decision would have to be made at the annual meeting next year. DnB said it was forced into heavier losses because of turbulence in the money and securities markets.

It was also hit by losses incurred by Investa, a non-listed domestic investment company, which was declared

technically insolvent in September, and by losses at Realkredit, a subsidiary it acquired last year.

DnB made a Nkr200m provision for losses incurred from Investa's holding company. It also made a provision of Nkr470m for losses incurred by Realkredit. For the nine-month period, DnB's total credit losses were Nkr497m lower at Nkr3.29bn although it is still incurring heavy property losses in the UK.

Non-performing loans stabilised at around Nkr10.3bn. Net interest income in the nine-month period fell by Nkr100m to Nkr3.39bn as other operating income declined by Nkr547m to Nkr134bn.

DnB said interest expenses in August and September rose steeply when domestic interest rates were driven higher by the surge in Sweden's marginal lending rate to 500 per cent.

DnB was also forced to write down the value of its share portfolio by Nkr385m and "substantial losses" were incurred in the bond portfolio.

## Ten Indian groups aim to raise \$1bn this year

By Shiraz Sidhu  
in New Delhi

AT LEAST 10 large Indian companies, including some of the country's leading private enterprises, aim to raise some \$1bn in new equity capital on the Euromarkets before the end of this year.

Grasim Industries, the cement, textiles and fibre manufacturer which delayed a domestic offering earlier this year when trading on the Bombay stock market was halted, will now enter the Euromarkets this month with a \$100m issue through Citibank and Merrill Lynch.

Hindalco, an aluminium company, will also enter the markets in November, with Jardine Fleming managing a \$100m issue.

Tata Iron and Steel will raise \$100m through Credit Suisse First Boston and Citibank.

ITC, the tobacco and hotels company, will make a \$80m issue through Merrill Lynch and Citibank.

Gujarat State Fertiliser Corporation plans a \$80m offer through Merrill Lynch and Citibank.

Essar Gujarat, the iron company, is raising \$100m through Merrill Lynch and Citibank.

Bombay Dyeing, the textiles manufacturer, is seeking \$100m through S G Warburg Securities and Citibank.

Industrial Credit and Investment Corporation of India, a finance company, will make a \$100m through Morgan Stanley and Citibank.

Southern Petrochemicals and Industries Corporation (SPIC), the fertiliser and chemicals manufacturer, will raise \$100m through Solomon Brothers and Citibank.

Gujarat Ambuja Cement, the cement company, will issue \$100m via Solomon Brothers and Citibank.

India's leading foreign banks have cautioned the Securities and Exchange Board (SEBI) to monitor the performance of shares of companies planning Euro issues.

This follows fears that companies may attempt to artificially inflate prices on the domestic stock markets before pricing their Euro issues.

Global Depository Receipts (GDRs) for Euro issues are priced taking into account share prices on the country's stock exchanges during a specified period.

The government has discontinued the two-year lock-in period, replacing it with a 180-day "cooling off" period.

The FT's guide to the world's Top 100 Ski Resorts in this Saturday's Weekend FT.

Before you book your skiing holiday, it could pay you to take a run down Pink Snow.

Our experts (as testing as the best black run) have travelled to the world's ski centres looking for the best resorts, best skiing, best organisation, best ski schools, best hotels and chalets, best restaurants, best scenery and, of course, with true pink blood in their veins, best value for money.

They've skied Mammoth and Meribel, Lake Louise and Lech, Shiga Kogen and St. Moritz... you name it.

Their views were confirmed by the findings of an extensive Financial Times reader survey. Make sure of your copy of Pink Snow in this Saturday's Weekend FT.

Break a leg.

All of these Securities having been sold, this announcement appears as a matter of record only.

NEW ISSUE

October 1992

3,000,000 Shares

**PacifiCare Health Systems**

Class B Common Stock

500,000 Shares

PaineWebber International

Dillon, Read & Co. Inc.

Dean Witter Capital Markets-International Ltd.

This tranche was offered outside the United States and Canada.

2,500,000 Shares

PaineWebber Incorporated

Dillon, Read & Co. Inc.

Dean Witter Reynolds Inc.

Sanford C. Bernstein & Co., Inc.

Alex. Brown & Sons

Donaldson, Lufkin & Jenrette

Merrill Lynch & Co.

Robertson, Stephens & Company

Smith Barney, Harris Upham & Co.

Cowen & Company

Furman Selz

Piper Jaffray Inc.

Raymond James & Associates, Inc.

This tranche was offered in the United States.

TRADING STRATEGIES & IDEAS

Currencies • Bonds

Energy • Metals &

Oil Markets

Setting The Trend For Others To Follow

Trend Analysis Ltd

Fleming House

32 Southgate Street

Whitchester

Hants. SO22 9EH

Tel: 0952 675764

SA member

FUTURES & OPTIONS TRADERS

BERKELEY FUTURES LIMITED

15 PARK ROAD, REGENTS PARK, LONDON, NW1 6XN, ENGLAND

TEL: 071-224 8489

FAX: 071-224 8275

MERCANTILE AUTOMATED REAL TIME SYSTEMS LTD

The fastest most reliable service used by Institutions Worldwide

Global Futures Options Foreign News Vix FM

Available on your portable or desktop PC at the lowest possible price

For further information call 071-972 9772

EXCERPT

1525.520

By judgment dated 27 October 1992, the District Court of and in Luxembourg, sitting in commercial session, headed down in public hearing, has declared as its own initiative bankrupt GULF INTERNATIONAL HOLDINGS S.A., with registered office in Luxembourg, 44, boulevard Grande-Duchesse Charlotte, duly convened to but not present at the court hearing.

The same judgment has provisionally fixed the cessation of payments on 16 November 1990. It has appointed Mrs Maryse Walker, vice president of the District Court of Luxembourg, as supervisory judge and Mrs Yvonne Hamill and Mr Gaston Stein, both attorneys at law residing in Luxembourg, as receivers.

The proof of claims of the creditors must be filed with the District Court of Luxembourg before 13 November 1992.

The verification of the proofs of claims shall take place on 27 November 1992 at 3.00 pm and the disputes relating to this verification shall be heard on 15 December 1992 at 3.00 pm in the District Court of and in Luxembourg.

This announcement has been ordered by the above judgment and is effected on behalf of the receivers.

For true extract

The receivers



# Competition between Liffe and DTB intensifies

By Sara Webb in London and David Waller in Frankfurt

COMPETITION between London and Frankfurt for D-Mark derivatives business is intensifying.

Yesterday, the London International Financial Futures and Options Exchange (Liffe) announced plans to launch a medium-term German government bond contract early next year. The contract will compete with a similar one on the Deutsche Terminbörsen (DTB), and is a sign that competition between the rival exchanges is increasing.

Liffe decided to launch a futures contract to meet demand from its members for a medium-term German government bond (Bund) contract early next year. The contract will compete with a similar one on the Deutsche Terminbörsen (DTB), and is a sign that competition between the rival exchanges is increasing.

Liffe's announcement was warmly welcomed by bond market participants, who believe the new contract will help to improve liquidity. The London exchange already has a three-month Eurodeutsche interest rate future (which has an average daily volume of 1,569 contracts) and a German government bond (Bund) future, with an average daily volume of 80,922 contracts.

"To some extent we had a gap in the maturity range - but the new contract allows us to encompass the whole range of maturities," said Mr Roger Barton, managing director of business development at Liffe. Mr Nicholas Druschke, Liffe's chairman, said the new contract would provide greater hedging and spread trading opportunities.

## German yields



Source: Reuters

Mr Barton argues that the total volume of futures business is increasing, and that while Liffe is competing with the DTB, "the overall size of the pie is increasing too".

According to Liffe, the monthly volume of bond contracts declined from 1.7m in January 1992 to 1.1m in June before rebounding to 2.1m in September. Liffe has 87 to 70 per cent against the DTB's 30 to 35 per cent share of the bond futures contract business.

The DTB yesterday welcomed Liffe's decision to introduce a Bund contract, saying it would broaden the market for such products. The DTB introduced its Bund contract in October 1991 and after meeting with what the DTB calls "some initial scepticism", it has found increasing favour with investors.

In the past two months, average daily volume has exceeded 10,000 contracts. The DTB claimed its clearing facilities were much quicker than London's and would ensure it maintained a competitive edge. While market participants welcomed Liffe's decision to

launch a Bund contract, some point out that Liffe could lose market share with its 10-year Bund future unless it amends the contract's specifications. Last Friday, the German Finance Ministry said there would be no further 10-year Bund issues this year. The market interpreted this as a decision to halt Federal issues while leaving the way clear for further German agency issues, in particular from Treuhandanstalt, the agency charged with the privatisation of former eastern state-owned enterprises.

The Treuhand launched a 10-year DM100m bond issue in September which trades at a slightly higher yield than comparable Federal issues (see graph). This is because the Treuhand issue is less liquid and is seen as less secure than the Federal issues, even though it carries a Federal guarantee and has a triple-A rating from the leading credit rating agencies.

While the Treuhand bond is deliverable into the DTB Bund contract, Liffe decided to leave its Bund contract specifications unchanged for the moment. Liffe says it is still considering whether to include Treuhand bond issues for delivery in its June 1993 and subsequent Bund contracts.

Bund market participants have suggested that if Germany temporarily stops issuing 10-year Federal issues, leaving the Treuhand free to tap this area, then Liffe's Bund contract will become less attractive as the number of bond issues available for delivery declines.

Liffe points out that about DM60bn of bonds are deliverable into its March 1993 Bund contract, consisting of five separate Federal and Unify bond issues. The difference in the DTB and Liffe contract specifications has led to a widening of the price gap between the two contracts. Before the Treuhand bond issue, the contracts traded at similar levels. However, since the Treuhand issue has become the cheapest to deliver into the DTB contract, it means the DTB Bund future is priced lower than the Liffe contract.

# US long bonds fall as domestic issues fade

By Patrick Harverson in New York and Sara Webb in London

AFTER an upbeat opening in the wake of Mr Bill Clinton's victory in Tuesday's presidential election, US Treasury prices edged lower at the long end yesterday as many investors

## GOVERNMENT BONDS

took and dealers switched their attention away from domestic politics. In late trading the benchmark 30-year government bond was down 1/8 at 94 1/8, yielding 7.67 per cent. The two-year note, however, was slightly firmer, up 1/8 at 98 1/8 to carry a yield of 4.416 per cent.

Treasury prices were mixed overnight on foreign markets as it became clear that the Democrats had won the White House easily, but there was some early buying of longer dated bonds when New York opened - the result primarily of short-covering. That buying soon fizzled out, however, and shifted to the intermediate and short end of the market, where the two-year gained ground.

Although the political situation was still a factor affecting sentiment - the new question

troubling investors was who President-elect Clinton would appoint to senior Treasury and economic posts - players began to shift their attention back to the economy, and tomorrow's employment report for October. The day's only economic news - a 1.1 per cent rise in September factory orders, and the Federal Reserve's "Beige Book" report on the economy showing a sluggish rate of recovery - was mostly ignored.

UK government bonds lost up to a quarter of a point at the long end ahead of last night's parliamentary debate on the Maastricht treaty on European economic and monetary union. Dealers said the gilt market appeared to be assuming a very narrow majority for the government in the critical Commons debate.

Long-dated issues shed about a quarter of a point, with the 9 per cent gilt due 2008 falling 1/8 to 102 1/8, yielding 8.74 per cent. Shorter-dated gilts held up well and ended little changed on the day.

FRENCH government bonds ended slightly firmer after Mr Pierre Bérégovoy, the prime minister, said Monday's quarter-point cut in key interest

## BENCHMARK GOVERNMENT BONDS

Country	Coupon	Rate	Price	Change	Yield	Week ago	Month ago
AUSTRIA	10.000	10/02	107.1808	-	8.59	8.50	8.50
BELGIUM	8.750	06/02	104.1400	+0.080	8.11	8.13	8.47
CANADA	8.000	04/02	105.8500	+0.750	7.62	7.68	7.72
DENMARK	8.000	11/01	101.4600	+0.500	8.74	8.76	8.77
FRANCE	8.000	03/07	101.2488	-	8.12	8.09	8.87
FRANCE	8.000	11/02	102.3450	+0.100	8.16	8.15	8.59
GERMANY	8.000	07/02	104.3250	+0.030	7.36	7.34	7.21
ITALY	12.000	05/02	93.5050	+0.355	13.87	13.90	14.51
JAPAN	No 118	08/08	101.0871	+0.102	8.59	8.58	8.58
JAPAN	No 145	03/02	105.2747	-0.035	4.68	4.73	4.78
NETHERLANDS	8.250	09/02	104.5300	+0.010	7.56	7.55	7.72
SPAIN	10.500	09/02	95.8000	-0.400	12.72	12.32	13.68
UK GILT	10.000	11/98	108.15	-1/32	7.12	7.03	8.52
US TREASURY	8.375	08/02	105.04	-1/32	8.67	8.73	8.71
US TREASURY	7.375	08/02	105.10	-1/32	7.85	7.81	7.33
ECU (French Govt)	8.500	03/02	97.8500	0.200	8.84	8.77	9.42

London closing 'New York morning session' Yields: Local market standard 1 Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents)

Prices: US, UK in 32nds, others in decimal Technical Data: ATLAS Price Sources

The yield on the benchmark No 145 issue opened at 4.68 per cent and moved to 4.67 per cent, then ended the day at 4.68 per cent after dealer profit-taking. The December futures contract ended at 107.58 against its Monday close of 107.57.

A senior fund manager from Fidelity Investments, the large investment management group based in Boston, yesterday warned that the slowdown in Germany was likely to be far worse than anyone in Germany - or the financial markets - had yet realised, writes David Waller in Frankfurt.

Mr Martin Woollier, Fidelity's UK fixed income director who manages five bond funds, said "Germany is about to come under a tidal wave of recession".

Under this scenario, Mr Woollier argued that the prognosis for bonds was extremely favourable; he predicted that 10-year bonds would yield 8.25 per cent by the end of 1993.

# EBRD joins EdF in post-poll rush of issues

By Brian Rofen

THE European Bank for Reconstruction and Development and Electricité de France were two of the biggest names leading a rush of deals in various currencies yesterday.

## INTERNATIONAL BONDS

Issuers had held back from tapping the international bond market in the lull ahead of the US election. A prestigious borrower in any market, EBRD made its debut in the European sector with a 10-year issue. The yield spread tightened slightly to 33 basis points over comparable Japanese government bonds, from a launch spread of 34 basis points. The issue could be as important in strategic terms for Sak-

ura Finance International, which lead-managed the deal along with Nomura International, as for the borrower. While the bond itself was widely agreed to be successful and well executed, Sakura came in for some criticism in that traditional Japanese activity, taking a long-term strategic view which overrides other considerations. Put simply, it is thought to be too leading to develop its role as a player in the European market.

The first post-election US dollar deals included another capped and collared floating rate note, for E&F. The \$100m 10-year issue will pay Libor minus 25 basis points, subject to a minimum rate of 5 1/8 per cent and a maximum of 5 1/4 per cent. This was seen as aggressively priced but EdF is still a name in demand, even though it no longer carries an explicit

state guarantee. UBS Phillips & Drew said it launched the deal in response to continuing demand for top quality collared floaters. Elsewhere, EdF is taking advantage of continuing strong international demand for the French franc with a FF20m five-year 8 1/8 per cent bond through J. P. Morgan.

## NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fee	Book runner
US DOLLARS						
Commerzbank (Groupe D'Inde)	100	10.5	98.257	1997	2 1/4%	Salomon Bros.
Electricité de France	100	8.50	100.00	2002	10/20bp	USBS P&D Secs.
Hanjin Corp. (South Korea)	50	8.0	100	1997	15/5bp	Merrill Lynch Int.
YEN						
EBRD	100m	4.5	98.6	1997	25/15bp	Sakura Fin/Nomura
FRANCE						
Electricité de France	20m	8.25	98.85	1997	25bp	J.P. Morgan Secs.
CANADIAN DOLLARS						
IBM (Finance)	100	6.825	100.715	1996	1 1/4%	USBS P&D Secs.
IBM (Finance)	125	8.8	100.715	1996	1 1/4%	Goldman Sachs Int.
SWISS FRANC						
EdF	100	6.75	100.75	2002	-	USBS

Final terms and non-callable unless stated. Floating rate note: a) Coupon payable semi-annually; b) Coupon pays 25bp below 6-month Libor. Minimum coupon 0 1/4%, maximum 8 1/4%. c) Coupon pays 50bp above 6-month Libor.

## FT FIXED INTEREST INDICES

	Nov 4	Nov 3	Nov 2	Oct 30	Oct 29	Year	High	Low
Govt Bonds	92.88	94.00	92.78	94.44	94.38	94.38	94.38	95.11
Govt Bonds	107.80	107.73	107.81	108.50	108.50	108.50	108.50	97.16

Source: FT Fixed Interest Indices

## FT/ISMA INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS										OTHER STRAIGHTS										CONVERTIBLE BONDS																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																													
Issued	Rate	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Issued	Rate	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Issued	Rate	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other	Yield	Other



## COMPANY NEWS: UK

## Low & Bonar embarks on cost reduction plan

By James Duxton,  
Scottish Correspondent

LOW & BONAR, the Dundee-based packaging and plastics company, is closing its UK non-wovens business and implementing a cost cutting programme at its Canadian operations.

The company, which has annual sales of about £300m, is to close Bonar Carrelle, which employs 32 people, by the end of the year.

The closure will involve an exceptional charge of £4.5m to cover the writing off of investment, but will eliminate £700,000 of UK losses.

Low & Bonar will concentrate its non-woven operations on its Bonar Fabrics plant in South Carolina which is "on the positive side of break-even," according to Mr John Leng, chief executive.

Both plants use the group's powder bonding process to make fabrics but although the South Carolina plant now has a good market supplying linings for computer diskettes, hopes that the Scottish plant would develop new products and markets for this technol-

ogy have not been fulfilled and it has secured only a small part of the European market.

This is the penalty for developing new products in new markets with new technology," said Mr Leng. The Dundee plant has incurred losses for six years.

The decision further reduces Low & Bonar's manufacturing presence in Scotland, where only 5 per cent of the company's 4,400 employees are engaged. It still has packaging and polypropylene operations in Dundee.

In Canada, where the bulk of the group's North American operations are located, the workforce is to be cut by 7 per cent producing a saving of £33m (£1.5m).

The next phase will entail rationalising manufacturing plants and making additional manpower reductions.

Costs are expected to be substantial and will be charged as an exceptional item this year. Bonar Inc, the group's Canadian subsidiary, achieved net income of £33m (£34.95m) in the nine months to August 29 on sales of £8145.2m (£8158.9m).

## Wrapping up to brave tepid flotation waters

Maggie Urry reports on a mechanism designed to guard against disappointing retail demand

THE FLOTATION market has tentatively reopened after the summer pause. Yet the mood is still fragile after the series of issues in the early summer which were labelled flops when retail demand dried up.

One new issue expert goes as far as saying that the market is "hibernating". And some corporate financiers are advising companies not to float at all.

There have been a few successful issues - such as Trinity Holdings and Dorling Kindersley Holdings - with more in the planning stage. But already there has been an issue pulled.

Woolcombers, the textile company, cancelled its flotation plans in September after Black Wednesday happened between publication of the pathfinder prospectus and the planned pricing day.

Institutional investors were simply not prepared to put the money required into a relatively small company at a time of such volatile markets.

The delayed flotation of St. Britain's largest venture capital group, is not expected to take place until the second half of next year because of the absence of economic recovery.

So far no companies have followed the route of a public

offer for sale, daunted, no doubt, by the reception met by issues such as The Telegraph, MFI Furniture Group, Taunton Cider and Anglian Group, where public offers were undersubscribed.

Some corporate finance experts are sceptical that a public offer could work at present. "Only," says one, "if it was a very popular retail stock, something with a strong brand."

However, in a month or so National Express, the coach operator, is expected to brave the market with a public sale making up 25 per cent of its issue. The other 75 per cent will be placed with institutions on a firm basis.

Mr Jeremy Lucas, corporate finance director at Morgan Grenfell, National Express's sponsoring bank, says the public offer plan reflects expected interest in the issue from retail investors who often see the double arrowhead logo whizzing along motorways on the group's white coaches.

Advertising for the sale has already begun on the buses. The public issue is not being underwritten. Rather Morgan Grenfell is planning to place these shares with institutions, who will release them according to demand from retail investors. The distinction



Peter Kindersley, chairman of Dorling Kindersley

tion is subtle and the end result the same.

This placing and clawback method is common for smaller issues, where a firm placing is joined by a conditional placing of shares available to the public through financial intermediaries.

Under a financial intermediary offer members of the public can apply for shares via stockbrokers, rather than filling in an application form printed in a prospectus or a newspaper. The brokers then apply for shares on behalf of their clients.

Private investors might not

like this trend. The brokers may charge clients commission, whereas applications "off the page" involve no extra charges. Further, not all potential investors have stockbrokers.

But the system has its supporters. One merchant banker says: "The financial intermediary mechanism is the best of both worlds. Shares are not for the man in the street. They are risky investments and the sort of person who doesn't have a broker shouldn't be going for most flotations."

Another confesses: "It is a cheaper way of persuading the Stock Exchange that you are trying to reach beyond the usual charmed circle."

The Stock Exchange is keen that small investors should be able to subscribe for new issues if there is sufficient retail demand. But at the same time, it wants to keep a balance and not be seen to be only looking after the small investor.

However, the exchange has been taking a more flexible attitude to flotations in response to market conditions. It is concerned when a flotation is seen to have flopped, especially if that means that the market in the shares is weak.

Until recently a limit of £30m

was imposed on the amount a company could raise without making a public offer. Even that amount was only possible if half was offered through financial intermediaries to the public.

These limits have now been relaxed, and sponsoring banks have been approaching the exchange to discuss arrangements for particular flotations.

Trinity, which builds chassis for fire engines and dustcarts, was first to take advantage of the relaxation. It came to market with a placing slightly over the £30m level, with a quarter of the shares offered through financial intermediaries.

That issue was priced on an evening when the market had fallen by more than 100 points. The intermediaries offer was oversubscribed and the shares opened at a premium on their first day of trading.

Had the offer been split evenly between a firm placing and intermediaries, then the level of subscription of the latter part would have looked much thinner.

It is understood that in Trinity's case the exchange was happy to cut the intermediaries' allocation to a quarter, and was prepared to see the issue value reach £35m without pressing for an offer for sale. The Stock Exchange has to

take account of a sponsoring bank's judgment about likely retail demand for an issue when deciding whether to insist on a public offer. If a series of intermediaries offers were well-oversubscribed, the exchange would have to think again about reimposing an offer for sale requirement.

The issue by JD Wetherspoon, the London pub chain, might have been thought to attract strong interest from the public. But the intermediaries' portion was only 79.4 per cent subscribed, leaving the rest of the shares with the institutional places.

By contrast Dorling Kindersley Holdings, the publishing group, saw its intermediaries offer, which closed a day after Wetherspoon's, subscribed six times. That left the institutions with only the shares which had been placed firmly.

Unlike a public offer, if the full number of shares available in an intermediaries offer is not subscribed, instead of the ignominy of having them left with underwriters, they will have been placed.

The shares may end up in the same hands at the same price. But, as one broker admits: "If an intermediaries offer is undersubscribed, it is easier to sweep it under the carpet than in a public offer."

## Aitken Hume declines

By Graham Dettler

AITKEN HUME international, the banking and fund management group, reported profits of £871,000 before tax for the six months to September 30.

This compared with £2.57m last time, or £360,000 on a like-for-like basis after allowing for a pre-disposal contribution of £1.1m from the Bachmann Group, a Guernsey-based financial services company, which was sold in March this year.

Profits were struck after exceptional charges of £265,000, including a £172,000 provision against future settlements of stock options for management of the NSR offshoot in the US.

The previous outcome took in an exceptional credit of £510,000 following a refund of surplus funds from the UK pension scheme.

Fund management in the US lifted profits to £1.55m (£1.06m) but UK and Channel Islands banking again lapsed into losses with a deficit of £71,000 (profit of £352,000), having incurred losses of £685,000 in the last full year.

Earnings per share emerged at 0.89p (3.36p). The interim dividend is passed reflecting the need to conserve the capital base of the banking group, the company said. The previous year saw an interim of 0.5p but the final was omitted.

### DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Aitken Hume Int	nil		0.5	-	0.5
Keystone Inv	10	Dec 17	10	15	14
Sainsbury (J)	2.7	Jan 18	2.4	8.75	

Dividends shown pence per share net except where otherwise stated.

## BOOZ ALLEN & HAMILTON

Booz-Allen & Hamilton is pleased to announce the election of sixteen new partners to our world-wide management and technology consulting organization.

Ari Bousbib  
Ian Crouch  
Anthony L. D'Ambrosio  
Brian Fischer  
Joseph Garner  
Mark Grossman  
Sam L. Hill  
Kevin Jones

Maurizio Mauro  
Martin F. Michael  
Wayne Miller  
Tony Prophet  
James Sweeney  
Steven B. Wheeler  
Norbert Wittenmann  
Michael J. Wolf

## GLOBAL GOVERNMENT PLUS FUND LIMITED

International Depositary Receipts representing 100 common shares  
OFFER TO PURCHASE

The Board of Directors of Global Government Plus Fund Limited authorized on October 27, 1992 an offer to purchase up to 25% of the Company's issued and outstanding common shares (the "offer"). The offer will be made by the Company to all registered holders of its common shares in accordance with the terms of the Company's by-laws. Under the terms and conditions of the offer, a shareholder wishing to accept the offer shall be required to tender all of his shares. The purchase price payable for each common share tendered and accepted by the Company for payment will be the net asset value of the Company on December 18, 1992 divided by the total number of issued and outstanding common shares. The offer will be made conditional upon, among other things, the Company's ability to liquidate its portfolio securities in an orderly manner and consistent with the Company's investment policies and objectives in order to finance the purchase of the shares. If more than 25% of the shares on a pro rata basis (interfering fractions) is sold in accordance with the number of shares tendered by each shareholder.

IDR-holders who wish to sell their shares under this offer must:

1) Deliver the IDRs with the coupon attached to Morgan Guaranty Trust Company of New York at the address indicated below, by November 18, 1992; and

2) Send the following to the same address by November 18, 1992:

2.1 A certification in the form imposed by the Company available at the address indicated below, completed and signed by the beneficial owner of the IDRs, declaring the owner is tendering all his shares and not less than all for purchase;

2.2 An instruction containing all of the following items:

2.2.1 An indication of the identity of the beneficial owner;

2.2.2 Payment instructions for the US\$ proceeds of the purchase;

2.2.3 Registration and delivery instructions for shares not purchased by the Company if the Company only purchases shares on a pro rata basis as described above.

Although IDR coupon no. 32 will only be payable on December 7, 1992, IDR-holders accepting the offer will be entitled to this dividend. If the shares are accepted for purchase, a service charge of US\$25 due to the Company, an IDR cancellation fee of US\$10 per IDR and the expenses incurred by Morgan, Grenfell, will be deducted from the proceeds.

Depository: Morgan Guaranty Trust Company of New York  
35 Avenue des Arts, 1040 Brussels

# B.A.T INDUSTRIES

## Earnings per share up 105% in nine months

Nine months unaudited results to 30 September 1992

REVENUE	£14,457m	+3%
PRE-TAX PROFIT	£1,027m	+56%
EARNINGS PER SHARE	35.9p	+105%

● Record nine months tobacco profit of £805 million, up 16 per cent. Export volumes 25 per cent higher.

● Financial services trading profit of £376 million; continued recovery at Eagle Star and further progress at Farmers.

● "I expect the 9 per cent dividend increase achieved at the half year to be at least maintained for the year as a whole."

Sir Patrick Sheehy, Chairman



## COMPANY NEWS: UK

# HK Land in fresh move on Trafalgar

By Roland Rudd in London and Simon Holberton in Hong Kong

HONGKONG Land, the Jardine Matheson-controlled Hong Kong property company, yesterday signalled its intention to keep up the pressure on Trafalgar House when it said it had an option to take its stake above 20 per cent.

Hongkong Land, which has a 14.9 per cent stake in the UK property, construction and engineering group, said an investment house had entered into an option arrangement to buy 36m Trafalgar shares on February 3.

As part of the option deal, Hongkong Land may be obliged to buy up to 67m shares until May 3. In both cases, it would pay no more than the 55p per share or 82p

per A share it offered in its recent tender.

The arrangement means Hongkong Land is almost certain to raise its stake to 20.07 per cent. Although it could increase its stake to 29.9 per cent, in practice it is only likely to be forced to buy another 67m shares if the share price falls well below 85p.

However, by taking its stake above 20 per cent Hongkong Land will be able to equity-account its holding, enabling it to book a share of Trafalgar's profits. Trafalgar's ordinary and A shares yesterday closed at 83p and 80p respectively.

Mr Alasdair Morrison, managing director of Hongkong Land, said yesterday he would be looking for further board representation.

Trafalgar has already appointed Mr Rodney Leach, a

director of Hongkong Land, to its board, but has turned down a request to appoint a second director from Hongkong Land to its board.

Hongkong Land yesterday made it clear that its main priority over the next five months was to get another of its directors, Sir Charles Powell, to join Trafalgar's board.

Mr Morrison described the option over Trafalgar as "friendly". He said Trafalgar's board was made aware of the company's intention to enter into the option arrangements. "We wish to be a supportive, long-term investor," he said.

Trafalgar said it was unlikely about the move but is unlikely to be happy with the ease at which Hongkong Land has been able to lift its stake after Hongkong Land's tender offer for another 15 per cent failed.

## Porters in rescue talks for LBC

By Raymond Snoddy

DAME SHURLEY Porters, the controversial Conservative politician, and her son, John, are riding to the rescue of LBC, the London commercial radio station.

The Porters are in advanced negotiations for the restructuring of Crown Communications, the loss-making parent of LBC.

Under the deal now being discussed, Mr John Porter, a California-based wine maker and venture capitalist, would take a substantial stake in LBC in a deal that would swap debt for equity.

Lady Porter, heiress to the Tesco fortune and former Lord Mayor of Westminster, would also be involved - possibly as an LBC director.

The Radio Authority, the regulatory body for the commercial radio industry, has been informed about the plan and is believed to be enthusiastic.

The deal would provide much needed financial underpinning for LBC until its franchise comes up for renewal next year.

A source close to the Porter family said that the deal was "a hard-nosed business venture" although Lady Porter would also be able to use her London contacts and knowledge to help the development of LBC. London's speech-based commercial radio station.

Under the deal being discussed, LBC, which has been described by Mr Christopher Chataway, its chairman, as "cash positive", would be clearly separated from loss-making Crown.

It is not clear how much of Crown would then be left. The company has said it intended to sell off "non-core assets" - everything apart from LBC.

Lady Porter, who is still a Westminster City councillor, was a director of rival Capital Radio in London from 1983-88. She recently said in an interview that her ambition was "to promote London".

## A very tough act to follow

RARELY CAN a chairman have taken over a company with such a successful recent trading record as that of J Sainsbury. But rarely will a chairman have to run so fast just to match, let alone exceed, the achievements of his predecessor.

Such is the privileged and challenging inheritance of Mr David Sainsbury, who at noon on Monday succeeded his cousin, Lord Sainsbury, as chairman of the UK's biggest grocery chain.

David Sainsbury certainly started well enough. Just two days into the job he was able to announce a solid 19 per cent improvement in interim pre-tax profits. And, at a competently-handled press conference, he went out of his way to stress that there would be few noticeable changes in the direction of the company. "It has been a very smooth transition," he said.

But to the company's followers, the personality and style of the new chairman offer a fascinating contrast with that of his domineering predecessor, who successfully guided the company for the previous 23 years taking its annual pre-tax profits from £4.3m to £628m in that time.

Quiet where his cousin was assertive, and reflective where his cousin was impulsive, David Sainsbury brings a very different feel to the top of the UK grocery chain.

But Mr Bill Myers, food retailing analyst at stockbrokers Henderson Crosthwaite, suggests the contrast will be no bad thing.

"Both men, it seems, are carriers of a gene that makes them world class grocers but the two personalities could scarcely be more different," he commented in a recent circular.

"David will be out to prove that his consultative, philosophical style will be as good for the next phase of Sainsbury's growth as John's slightly less benevolent dictatorship was for the group's formative years as a public company."

A neat composed figure who wears sensible glasses and button-down shirts, the 52-year-old Mr Sainsbury likes to stress the continuity and teamwork at the top of the company.

### John Thornhill on the challenges facing the new Sainsbury chief



Lord Sainsbury (right) with his cousin David who succeeded him as chairman of the UK's biggest grocery chain on Monday

When the two cousins worked together they complemented each other well. While Lord Sainsbury was the consummate grocer with a deep interest in the running of the stores and the products they sold (he will continue to help select Sainsbury's wines), David concentrated more on the financial and analytical issues of the business - much as his father had done before him when he was chairman and Lord Sainsbury was his deputy.

Lord Sainsbury was certainly a hard taskmaster, ready to tear employees off a strip for shoddy store displays, but David is likely to adopt a more consensual approach - much to the relief of some of his colleagues.

However, the sense of complementarity at the top will be maintained as Mr Tom Viner, who has been steeped in the

"We have always had a fairly steady rate of increase," he says. "We have increased space by about 8 per cent a year over the past 20 years and that is something we want to continue to do."

"But if we felt that we were not finding the opportunities to do that in this country then we have already established a foothold in America with Shaw's and may look to expand there."

After an education at Cambridge and Columbia University in New York, Mr Sainsbury joined the family company in 1963 holding a succession of posts, most notably as finance director between 1973 and 1980.

His most prominent involvement in public life came from his enthusiastic backing of the now-defunct Social Democratic Party. But he has retained a strong interest in issues of social policy.

"We have got a tradition in Sainsbury's that we do not get involved in politics at a corporate level. We have always had quite different political views in the family. But there are still some issues I feel very strongly about such as training and education, which are very closely related to our company's business philosophy," he says.

It is a view he intends to champion as chairman of the London Business School, if not as chairman of Sainsbury. "We give the bottom 40 per cent of children a very poor education and I think there is now a lot of evidence to suggest that this has a major impact on productivity," he says, citing the research conducted by Sir Paul at the National Institute of Economic and Social Research.

Mr Sainsbury will certainly be one of the more cerebral additions to the ranks of UK company chairmen. And after living in the shadows of more famous members of his family, Mr Sainsbury will now stand out more clearly in his own right.

It somehow seems appropriate that the company's staff has now stopped referring to him as Mr David - to distinguish him from all the other family members. From now on he is the Mr Sainsbury.

## Ansbacher bid terms announced

By Roland Rudd

HENRY ANSBACHER, the UK merchant bank, yesterday confirmed that it had agreed terms of a takeover by the First National Bank of South Africa.

Majority shareholders, accounting for 73.1 per cent of the shares, have accepted 27 1/2p a share.

However, Mr Richard Fenhalls, chairman and chief executive, could not recommend that price to minority shareholders, who are to be offered 32p a share.

Mr Fenhalls said: "It is the job of management to get the best possible deal for shareholders. We dug our heels in to get a better result for the minorities."

The majority shareholders' price assumes that First National will set aside money in escrow arrangements in case any outstanding claims against Ansbacher materialise. Shareholders representing 89.3 per cent have given irrevocable undertakings to accept.

## Burnfield drops 78p on profits warning

By Jane Fuller

THE MARKET value of Burnfield yesterday plummeted 47 per cent to £28.8m after the specialist maker of pressure gauges and other industrial instruments warned on profits.

The share price fell from 198p - on a par with this summer's rights issue price - to 87p.

Less than two months ago, directors accompanied the announcement of a £1.1m interim pre-tax profit with a prediction of increased profitability in the second half.

For the full year, Barclays de Zoete Wedd, the company's broker, had forecast a rise to £4.3m (£1.17m). But following a sudden drop in UK orders from mid-September, the figure has been revised to £2.5m.

The company has been reorganised by new management in the couple of years since Mr Brian McGowan, chief executive of Williams Holdings, the industrial conglomerate, became non-executive

chairman. It had started to grow by acquisition - Budenberg last year and Malvern Instruments this summer - accompanied by the 3-for-4 rights issue to raise £22.7m.

Mr Ian Staples, chief executive, said UK orders at Isopad, a maker of heating products, had fallen by 50 per cent in September. Normally the fourth quarter was the strongest because its products are aimed at such tasks as frost protection, "but the orders have not come through".

Isopad's sales were expected to be 11 per cent down for the year at less than £14m. This was due partly to a planned contraction in Germany, where the recession was deepening.

Budenberg, the pressure gauge and thermometer company, had been enjoying a steady rise in orders, but the drop in mid-September amounted to 30 per cent. For the year, its sales would be flat at about £9m. Last year Budenberg was only included for seven months.

This announcement appears as a matter of record only

**£96,000,000**

## Management Buy-out of Express Foods

### from Grand Metropolitan PLC

Management advised by Bank of Tokyo International Limited

Total financing of £116,000,000 led by

Bank of Tokyo International Limited

Senior Debt Facilities co-arranged and co-underwritten by

Bank of Scotland The Bank of Tokyo, Ltd Union Bank of Switzerland

Facility and Security Agent



The Bank of Tokyo, Ltd

**FT**

FINANCIAL TIMES CONFERENCES

## WORLD ELECTRICITY

London, 9 & 10 November 1992

This year's conference, the sixth in a well received series, brings together authoritative speakers from Europe, the United States, Latin America and Japan to discuss the future of the electricity utility and review developments in a number of key markets.

Speakers will include:

**Mr John W Baker**  
Chief Executive  
National Power PLC

**Mr Carlos Manuel Bastos**  
Secretary of State for Energy  
Argentina

**Mr David W Penn**  
Director of Policy Analysis  
American Public Power Association

**Mr Rama P Goenka**  
Chairman  
CESC Limited

**Mr James Hann, CBE**  
Chairman  
Scottish Nuclear Limited

**Mr Ryuichi Hamada**  
General Manager, London Office  
Chubu Electric Power Co, Inc

**Mr Alessandro Ortis**  
Deputy Chairman, ENEL  
Chairman, Eurelectric

**Dr Felix Bruppacher**  
Power Economist  
Elektrizitäts-Gesellschaft Laufenburg AG

**Mr Aureliu Leca \***  
Romanian Electricity Authority (RENEL)  
\* in principle

**Professor John F Kolars**  
Department of Geography and  
Near Eastern Studies  
University of Michigan

A FINANCIAL TIMES CONFERENCE in association with POWER IN EUROPE

### WORLD ELECTRICITY

- ☐ Please send me conference details
- ☐ Please send me details about exhibiting at the conference
- ☐ Please send me details on Power in Europe

Financial Times Conference Organisation  
102-108 Clerkenwell Road, London EC1M 6SA, UK.  
Tel: 071-251 9321. Tlx: 27347 FTCONF G.  
Fax: 071-251 4686

Name Mr/Mrs/Ms/Other \_\_\_\_\_  
Position \_\_\_\_\_ Dept \_\_\_\_\_  
Company/Organisation \_\_\_\_\_  
Address \_\_\_\_\_

City \_\_\_\_\_  
Post Code \_\_\_\_\_ Country \_\_\_\_\_  
Tel \_\_\_\_\_ Tlx \_\_\_\_\_ Fax \_\_\_\_\_  
Type of Business \_\_\_\_\_



FINANCIAL TIMES  
CONFERENCES

CXCBWA



# Wounded Stakis keeps to doctor's orders

Disposals and cutbacks have brought some relief to the leisure and nursing group, but its problems are not over, reports James Buxton

**A**N OUTPATIENT, says Mr David Michels, chief executive of the Stakis Group, is still, technically, in hospital. Stakis, he says, is an outpatient: but it moved out of intensive care some time ago and has since left the ward.

Stakis is the hotels, nursing homes and casinos group that got into severe trouble early last year. Sir Lewis Robertson, the company doctor, came in as chairman, replacing Sir Leo Stakis, the Cyprus-born founder who became president.

In June 1991 Sir Lewis fired Mr Andros Stakis, Sir Leo's son, who was chief executive, made £44m of write-offs and provisions, agreed a standstill on debt repayment with the banks and began a programme of disposals. But further revival had to wait until Mr Michels had arrived from Hill International.

Mr Michels, a spunky 45-year-old Londoner, confronted a group that was overmanned and living in some places, on illusions. One of his early moves was to "get rid of almost everybody who was stopping us making a profit".

The seven divisional headquarters, all in the Glasgow area, were merged into one and headquarters staff was cut from 350 to 150. The hotels division has cut 700 jobs, including part-time staff, and the group

now employs about 7,000 people.

"And yet we feel a lot better for it," says Mr Michels. "The operators we've got left in the business are bloody good," Stakis, he says, also benefits from the fact that past managers had a gift for choosing good sites for its outlets.

On December 31 Stakis will produce its results for the year to September 30 - last year it lost £47m on sales of £171m. It may then indicate what it intends to do about its £186m of debt, owed to 21 banks, some foreign. Until then Mr Michels is unable to give figures.

**T**he hotels division, operating 30 properties all over the UK and accounting for nearly two thirds of the group's assets, has faced the greatest change. "Some of it didn't appear to be run for profit," says Mr Michels, who also noted that many of the hotels were charging as if they had an extra star rating.

Mr Michels has repositioned many of the hotels and "put them where the customer knew they ought to have been in the first place". All-night room service has been with-



Sir Lewis Robertson: came in as trouble-shooting chairman.

drawn in some. Stakis' new Country Court chain of six hotels has been merged with the rest. Earlier this year, Mr Michels remarked: "It's difficult enough to establish a

35 per cent in good times" - and occupancy has averaged 64.7 per cent across the chain - "not brilliant, but acceptable".

Stakis had hoped to sell its 19 casinos and raise £100m, but had to abandon the idea last year when it realised it could not get a good price in the recession. Instead, the casinos have been redecorated after a gap of two years, new managers have been installed at some of them and the division is trading profitably.

**T**he group's third arm, health care, which operates 15 nursing homes under the Ashbourne name, has improved in the past year. Nursing homes, says Mr Michels, take between nine to 18 months to fill up with patients, but once old people have moved in they tend to stay, largely unaffected by economic circumstances and paying, in upmarket Ashbourne's case, £470 per week. Occupancy rates reached 93 per cent across all the homes in the last financial year and will go higher as the remaining homes fill up.

"The downside is that we have 21 sites for new nursing

homes, 19 with planning permission. They are running up interest charges but we can't afford to develop them," says Mr Michels. Some £50m is needed to complete the homes.

It comes back to the question of the debt. The company could try to make another standstill agreement with its banks next March and trade out of its debt with positive cashflow; it could raise new capital with a rights issue, for which stock market conditions are not favourable; or sell off a division.

Stakis has already tried, unsuccessfully, to sell the casinos, and it would not contemplate selling its hotels. "It's no secret that we've been looking for a partner to develop the nursing homes with us," says Mr Michels. Other possibilities would be an outright sale to another company, or a separate flotation of Ashbourne.

Rumours that Ashbourne was to be floated (denied by Stakis) caused the company's shares to jump 5½p to 32½p late October, but they have since fallen back to 30p.

The company may reveal its intentions when it announces its results next month. Mr Bruce James, an analyst with Smith New Court, says Stakis has "stopped the rot" and forecasts a net loss of about £500,000.

## NEWS DIGEST

### Consortium extends ITN offer

**T**HE OFFER for 80 per cent of Independent Television News has been extended to November 18 after yesterday's deadline passed without agreement.

The consortium of four companies - Carlton Communications, Central, London Weekend and Reuters - agreed to the extension after what they described as "positive and constructive" discussions with representatives of existing ITN shareholders.

The consortium has agreed to buy the £23,596 21 ITN shares not already owned by its members at par and inject up to £30m, mainly to cover a projected deficit of £26m over five years on the lease of ITN's London headquarters.

The proposal terms have not yet been changed. But the fact that the deadline extension is designed to "allow possible amendments to the offer to be explored further" is a sign they might be.

The talks will focus on two areas - the price of the shares and percentage of the news organisation to be held by non-consortium members.

The price of £1 will not be

acceptable to ITN shareholders who do not want to stay in. The 20 per cent available to non-consortium members is too small to accommodate shareholders who want to stay in. Thames, Granada, and probably Yorkshire want to remain shareholders and are unlikely to accept less than 10 per cent each.

Unless there is movement on price and size of the available stake it seems likely that the offer will fail. ITN's articles of association will have to be changed to enable such a deal to happen. That would need a 75 per cent majority.

### Grand Central little changed with £1m

**P**rofits were little changed at Grand Central. Investment Holdings in the year to June 30 1992.

On sales up 37 per cent at £28.8m (£23.4m) the pre-tax result was £1.01m (£994,000).

The group's interests in the Asia Pacific region include commodities, Kuril Plantations and Cocoa Specialities, which suffered from the lowest cocoa prices for some years and the weak pound. The company has decided to divest itself of these assets.

However, increased profits were reported from confectionery manufacturing and food

### Impshire reduces loss to £116,000

**I**mpshire Thoroughbreds, the Dublin-based bloodstock group, reduced pre-tax losses to £116,000 (£126,000), for the six months to June 30. The deficit last year was £125,000.

Operating losses fell to £148,000 (£188,000) and there was a lower £165,000 (£191,000) deficit reflecting the change in value of bloodstock. The company continued to reduce its bloodstock holdings because of the continuing weak market.

Losses per share were 1.8p against 2.4p.

### Net assets decline at German Smaller

**N**et asset value at the German Smaller Companies Investment Trust was 213.5p at September 30, down from 226.5p at the March year end and 223.5p at the same stage of 1991.

The figure after dilution for exercise of warrants was 185.7p, against 206.9p and 213.4p respectively.

At end-September the trust's discount to fully diluted net asset value had widened from

16 per cent to 26 per cent. Net revenue rose to £448,000 (£352,000) for earnings of 2.49p (£1.96p) per share.

### Burmah Castrol completes disposals

**B**urmah Castrol, the lubricants, chemicals and fuels group, has sold Posco's Calmac toilet seat business to Chalmers for about £2m.

Of the purchase price £2.3m was paid on completion with the balance due in December 1993. The price may be adjusted to reflect actual working capital at October 30 1992.

It has also agreed the sale, for £2.7m, of the investment in Carborundum Universal, a manufacturer in India of ceramics and grinding wheels.

These sales complete Burmah Castrol's programme of disposals of Posco's non-core activities and bring the total proceeds to some £80m.

### Saatchi & Saatchi sells MSL for £3.5m

**S**aatchi & Saatchi is selling MSL Group International, its consulting and recruitment company, to Mr Gerry Long, MSL's chairman, in a deal worth £3.5m.

Because of the depressed state of MSL's business, Mr

Long is paying only £10,000 immediately. Saatchi has also been allotted 3.5m preference shares of £1 each, redeemable at par in tranches until 1998.

Mr Long said that MSL, which has operated at a loss in the current year, would redeem the shares out of future profits. If MSL could not make the payments, Saatchi would have the right to convert the shares, but would not regain control of MSL as the maximum stake obtainable would be 50 per cent.

MSL has 120 employees in the UK and net tangible assets of £250,000. Founded in 1983, it merged with Hay, the US personnel consultancy in the mid-1980s to form Hay-MSL, which was acquired by Saatchi in 1994. Hay was sold to its management in 1990.

### Scottish National to reduce pay-out

**T**he Scottish National Trust, a split capital trust managed by Gartmore Scotland, had a net asset value of 2.8p per capital share, down from 32.8p over the 12 months to September 30.

The value per income share was 73.1p (£8.7p); per zero dividend preference share 170.8p (£13.5p) and per stepped preference share 127.6p (£12.8p).

Net revenue was little changed at £16m, for earnings

of 8.74p (£8.85p) per income share.

A proposed final dividend of 3.05p maintains the total at an uncovered 8.85p with utilisation of part of the revenue reserve. Mr Sandy Struthers, chairman, said the total for the current year was likely to be reduced to about 7.5p.

### Keystone Investment net assets fall 11%

**K**eystone Investment saw its net asset value fall 11 per cent, from 488.15p to 434.87p per share, over the 12 months to September 30.

The investment trust reported net revenue marginally ahead at £2.16m (£2.1m) for earnings of 15.14p (£14.74p) per share. A recommended final dividend of 10p brings the total for the year to 15p (£14p).

### Booker to buy GrandMet offshoot

**B**uckingham Foods, part of the Prepared Foods Group of Booker, is buying the fixed assets and goodwill of Bafresh, a sandwich and chilled snacks business from Grand Metropolitan.

Book value of the fixed assets acquired is £1.62m and the current assets will be purchased at valuation.

**BARCLAYS**

**NOTICE**  
to the holders of the outstanding U.S. \$330,830,000  
Junior Guaranteed Undated Floating Rate Notes

Issued by  
**BARCLAYS OVERSEAS INVESTMENT COMPANY B.V.**  
(Incorporated with limited liability in The Netherlands)

and guaranteed on a junior subordinated basis by  
**BARCLAYS BANK PLC**  
(Incorporated with limited liability in England)

**NOTICE IS HEREBY GIVEN** that, pursuant to the provisions of the Trust Deed dated 1st November 1994 (the "Trust Deed") made between Barclays Overseas Investment Company B.V. (the "Company"), Barclays Bank PLC (then named Barclays Bank International Limited) (the "Bank"), as guarantor, and Suez Insurance Office Limited (the "Trustee"), as trustee, constituting the outstanding U.S. \$330,830,000 Junior Guaranteed Undated Floating Rate Notes (the "Notes") of the Company, the Trustee has agreed with the Company and the Bank to the subordination of the Bank in place of the Company as principal debtor in respect of the Notes (the obligations of the Bank being subordinated to the same extent as under its guarantee of the Company's obligations in respect of the Notes). Accordingly, with effect on and from 30th October, 1992, all the obligations of the Company under the Notes (including in respect of accrued interest but not including the negative pledge given by the Company thereunder), the interest coupons and claims for further interest coupons appertaining thereto (together, the "Coupons") and the Trust Deed have become the direct obligations of the Bank, subordinated as aforesaid, and the Notes are now known as the Junior Undated Floating Rate Notes of Barclays Bank PLC.

No new definitive Notes or Coupons will be issued and existing Notes and Coupons will remain valid. The Notes and the Coupons now constitute direct and unsecured obligations of the Bank and rank pari passu without any preference among themselves.

In the event of the winding up of the Bank, the claims of Nonholders and Couponholders against the Bank (the "Non Claims") will be subordinated, in the manner provided in the Trust Deed, as amended by the below-mentioned First Supplemental Trust Deed, to the claims of depositors and other creditors (whether or not subordinated) of the Bank except for the claims of holders of unsecured rights against the Bank being rights which are subordinated to so as to rank (in the satisfaction of the Trustee) either (a) pari passu with the Note Claims, with all of which excepted claims the Note Claims will rank pari passu, or (b) junior to the Note Claims.

Copies of the First Supplemental Trust Deed dated 30th October, 1992 made between the Company, the Bank and the Trustee giving effect to the subordination and making consequential amendments to the Trust Deed, the Notes and the Coupons are available for inspection during normal business hours at the offices of the Paying Agents for the Notes set out below, together with copies of the First Supplemental Paying Agency Agreement and the First Supplemental Agent Bank Agreement, both dated 30th October, 1992 making consequential amendments, respectively, to the Paying Agency Agreement and the Agent Bank Agreement relating to the Notes. Copies of the amended Terms and Conditions of the Notes may also be obtained from the same offices. The Bank will remain as Principal Paying Agent for the Notes.

**PRINCIPAL PAYING AGENT**  
Barclays Bank PLC  
Stock Exchange Services Department  
168 Fenchurch Street  
London EC3P 3BP

**OTHER PAYING AGENTS**

ABN AMRO Bank N.V. Herengracht 686 1017 CE Amsterdam The Netherlands	Banque Paribas Luxembourg S.A. 2 Boulevard Royal L-2253 Luxembourg	Banque Bruxelles Lambert S.A. 24 Avenue Marcel B-1050 Brussels Belgium	Banque Nationale de Paris 16 Boulevard des Capucines 75009 Paris France
Swiss Bank Corporation 1 Aeschenvorstadt CH-4002 Basel Switzerland	Dresdner Bank Aktiengesellschaft Hagen-Platz 1 D-6000 Frankfurt am Main 1 Federal Republic of Germany		

Dated 5th November, 1992

**The United Mexican States Floating Rate Privatization Notes Due 2001**

The applicable rate of interest for the period November 2, 1992, through and including January 31, 1993, to be paid on February 1, 1993, a period of 91 days, is 4.4375%. This rate is 15/16% above the offered rate for three-month deposits in U.S. Dollars which appeared on the display designated as the British Bankers Association's Interest Settlement Rate (3.625%) as quoted on the Dow Jones/Telente Monitor as Teletext Screen No. 3750 as at 11:00 A.M. (London Time) on October 29, 1992.

The above rate equates to an interest payment of USD 11.2170 per USD 1,000.00 in principal amount of Notes.

**Banco Nacional de Mexico, NY**

October 29, 1992

**AKZO**

The Board of Management and Supervisory Council of Akzo N.V. decided to distribute for the fiscal year 1992 an interim dividend of NLG 1.50 per ordinary share of NLG 20.

As from 18 November, 1992 the above dividend of NLG 1.50 per ordinary share will be payable against surrender of coupon no. 39 at:

Barclays Bank PLC  
Stock Exchange Services Department  
168 Fenchurch Street  
London EC3P 3BP

and  
Midland Securities Service  
Suffolk House  
Paying Agency Section  
5 Laurence Pountney Hill  
London EC4R 0EU.

U.K. Residents  
Dividends so payable for U.K. residents will be paid less 15% withholding tax and

U.K. income tax will be deducted from the gross dividend.

Residents of other countries  
For residents of countries other than the United Kingdom with which the Netherlands has a Double Taxation Agreement, the rate of withholding tax (if any) will be adjusted upon provision by the presenting authorised depository of the completed necessary documents (Form 92, etc.).

Where no such form is submitted withholding tax at the rate of 25% will be deducted. United Kingdom tax at the standard rate will be deducted unless claims are accompanied by the appropriate affidavit forms.

Information concerning any of the above-mentioned documents may be obtained from Barclays Bank PLC and Midland Securities Service.

Amstelveen, 4 November, 1992  
Akzo N.V., the Netherlands.

**AKZO**

The Board of Management of Akzo N.V. announced that on November 5, 1992, the results for the third quarter of 1992 were published.

Copies of this report may be obtained from the London Paying Agents:

Barclays Bank PLC  
Stock Exchange Services Department  
168 Fenchurch Street  
London EC3P 3BP

and  
Midland Securities Service  
Suffolk House  
Paying Agency Section  
5 Laurence Pountney Hill  
London EC4R 0EU

or at the offices of  
Akzo N.V.  
Velperweg 76  
P.O. Box 9500  
6800 SB Arnhem  
The Netherlands

Amstelveen, November 4, 1992  
Akzo N.V., the Netherlands

**CHICAGO**

The Financial Times  
proposes to publish this  
survey on

**November 30, 1992**

Decision makers in over  
160 countries worldwide  
will see this survey. If you  
want to reach this  
important audience, call:

Denis Cody      Richard Huggins  
on 212-752-4500      or on 071-873-3688  
Fax: 212-319-0704      Fax: 071-873-3078

**FINANCIAL TIMES**  
EUROPE'S BUSINESS NEWSPAPER

**FINANCIAL TIMES CONFERENCES**

**WORLD PULP AND PAPER**

London, 14 & 15 December 1992

A conference arranged in association with the  
Confederation of European Paper Industries.  
Industry leaders reviewing the key issues and  
assessing how corporate strategies are changing  
include:

**Dr Bo Berggren**  
Chairman & Chief Executive Officer  
STORA

**Mr Erling S. Lorentzen**  
Chairman  
Aracruz Celulose SA

**Mr Kimmo Kalela**  
Managing Director  
Enso Publication Papers Oy Limited

**Mr Alain Soulas**  
Chief Executive  
Arjo Wiggins Appleton plc

**Mr Dick Eykel**  
Member of the Board of Management  
N.V. Royal KNP

**Mr Ronald L. Singer**  
Chief Executive Officer  
Jammitt

**Mr Eugene van As**  
Chairman  
Sappi Limited

**Dr Gyula Madai**  
General Secretary  
Hungarian Technical Association  
of the Paper and Printing Industry

For further details please return the enclosed advertisement, together with  
your business card, to:

**Financial Times Conference Organisation**  
102-108 Clerkenwell Road, London EC1M 5SA, UK.  
Telephone: 071-251 9321.  
Fax: 071-251 4686 Tel. 27347 FTCONF G.

CSGCH-8











## LONDON SHARE SERVICE

## AMERICANS

Company	Price	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601	600	599	598	597	596	595	594	593
---------	-------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----



فانصة المال

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Trust	Price	Change	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601	600</
-------	-------	--------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-------



[illegible]

\_\_\_\_\_

هكذا امر الزميل



■ Current Unit Trust prices are available from ET Cityline. For further details call (071) 925 2128

**FT MANAGED FUNDS SERVICE**Continued on next page



• Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

فكانت له الأهل



1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2978	2979	2980	2981	2982	2983	2984	2985	2986	2987	2988	2989	2990	2991	2992	2993	2994	2995	2996	2997	2998	2999	3000	3001	3002	3003	3004	3005	3006	3007	3008	3009	3010	3011	3012	3013	3014	3015	3016	3017	3018	3019	3020	3021	3022	3023	3024	3025	3026	3027	3028	3029	3030	3031	3032	3033	3034	3035	3036	3037	3038	3039	3040	3041	3042	3043	3044	3045	3046	3047	3048	3049	3050	3051	3052	3053	3054	3055	3056	3057	3058	3059	3060	3061	3062	3063	3064	3065	3066	3067	3068	3069	3070	3071	3072	3073	3074	3075	3076	3077	3078	3079	3080	3081	3082	3083	3084	3085	3086	3087	3088	3089	3090	3091	3092	3093	3094	3095	3096	3097	3098	3099	3100	3101	3102	3103	3104	3105	3106	3107	3108	3109	3110	3111	3112	3113	3114	3115	3116	3117	3118	3119	3120	3121	3122	3123	3124	3125	3126	3127	3128	3129	3130	3131	3132	3133	3134	3135	3136	3137	3138	3139	3140	3141	3142	3143	3144	3145	3146	3147	3148	3149	3150	3151	3152	3153	3154	3155	3156	3157	3158	3159	3160	3161	3162	3163	3164	3165	3166	3167	3168	3169	3170	3171	3172	3173	3174	3175	3176	3177	3178	3179	3180	3181	3182	3183	3184	3185	3186	3187	3188	3189	3190	3191	3192	3193	3194	3195	3196	3197	3198	3199	3200	3201	3202	3203	3204	3205	3206	3207	3208	3209	3210	3211	3212	3213	3214	3215	3216	3217	3218	3219	3220	3221	3222	3223	3224	3225	3226	3227	3228	3229	3230	3231	3232	3233	3234	3235	3236	3237	3238	3239	3240	3241	3242	3243	3244	3245	3246	3247	3248	3249	3250	3251	3252	3253	3254	3255	3256	3257	3258	3259	3260	3261	3262	3263	3264	3265	3266	3267	3268	3269	3270	3271	3272	3273	3274	3275	3276	3277	3278	3279	3280	3281	3282	3283	3284	3285	3286	3287	3288	3289	3290	3291	3292	3293	3294	3295	3296	3297	3298	3299	3300	3301	3302	3303	3304	3305	3306	3307	3308	3309	3310	3311	3312	3313	3314	3315
------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------



## CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

## Dollar trades in tight ranges

THE DOLLAR traded in tight ranges against the D-Mark yesterday, in spite of the political euphoria that followed Mr Bill Clinton's election as President of the US, writes James Blitz.

In recent weeks, the prospect of Mr Clinton's election has been viewed by dealers as 'dollar positive'. The market believes that his promise to increase government spending will probably be accompanied by a rise in US short-term interest rates - a repetition, as some analysts see it, of the economic policies associated with the early Reagan years.

However, a Clinton victory had already been priced into the market, and the dollar had little upward momentum to gain from the victory declaration itself. Many dealers are betting on a sharp upturn in the dollar continuing into the new year. But they are unsure about the exact timing because the incumbent does not take office until January.

A sharp dollar rise might accompany announcements of Mr Clinton's administration, the framework of his economic policy and his attitude on the exchange rate.

In the absence of developments the dollar only managed

to rise to a high of DM1.5743 in Europe yesterday, before retreating to a low of DM1.5555. It finished in London at DM1.5676, up about 1/4 pence on the day. In New York it ended at DM1.5690.

Nevertheless, the dollar is now some 12 pence above the historic low reached on September 2, and the effect of this is being felt in the European markets. As more investors sell dollars for D-Marks, the German currency appears to be weakening on the cross rates.

In recent days, for example, both the French franc and the Italian lira have shown signs of a new upward momentum. The franc rose 30 centimes to a close of FF4.3830 against the D-Mark yesterday, in spite of Monday's cuts in official interest rates and a promise from the French prime minister yesterday that more interest rate cuts are about to come.

The lira also closed higher,

at L852.6 per D-Mark, helped by the fact that two-thirds of the government's emergency package has now been ratified by parliament. There is growing confidence that the lira could re-enter the exchange rate mechanism before the new year.

Sterling has also benefited from the dollar's strength in recent days, rising 1 1/2 pence yesterday to a DM2.4350 close in London. However, the short-term outlook for the UK currency depended on the results of last night's vote in the House of Commons on whether the government should move to endorse European economic and monetary union.

Mr Avinash Persaud, a currency economist at UBS Phillips & Drew in London, said the pound will find it difficult to re-enter the ERM in any event. The UK's economic weakness and the cuts in interest rates would continue to weaken sterling.

## EMS EUROPEAN CURRENCY UNIT RATES

	Unit	Rate	% Change	% Spread	Dividend
Belgium	100	41.9547	0.0000	0.00	0.00
France	100	6.55957	0.0000	0.00	0.00
Germany	100	1.93633	0.0000	0.00	0.00
Italy	100	1.36363	0.0000	0.00	0.00
Netherlands	100	2.20371	0.0000	0.00	0.00
Spain	100	166.667	0.0000	0.00	0.00
UK	100	2.48354	0.0000	0.00	0.00
Yugoslavia	100	2.48354	0.0000	0.00	0.00

See central rates on the EMS website. Conversion rates are in decimal form. Percentage changes are for the last 24 hours. The unit of account is the European Currency Unit (ECU). The unit of account is the European Currency Unit (ECU). The unit of account is the European Currency Unit (ECU).

## STERLING INDEX

	Nov 4	Nov 3	Nov 2	Nov 1
100	100.00	100.00	100.00	100.00
101	101.00	101.00	101.00	101.00
102	102.00	102.00	102.00	102.00
103	103.00	103.00	103.00	103.00
104	104.00	104.00	104.00	104.00

## CURRENCY RATES

	Nov 4	Nov 3	Nov 2	Nov 1
US Dollar	1.5676	1.5676	1.5676	1.5676
Japanese Yen	100	100	100	100
Swiss Franc	1.5676	1.5676	1.5676	1.5676
French Franc	6.55957	6.55957	6.55957	6.55957
Italian Lira	1.36363	1.36363	1.36363	1.36363
Spanish Peseta	166.667	166.667	166.667	166.667
UK Pound	2.48354	2.48354	2.48354	2.48354

## CURRENCY MOVEMENTS

	Nov 4	Nov 3	Nov 2	Nov 1
US Dollar	1.5676	1.5676	1.5676	1.5676
Japanese Yen	100	100	100	100
Swiss Franc	1.5676	1.5676	1.5676	1.5676
French Franc	6.55957	6.55957	6.55957	6.55957
Italian Lira	1.36363	1.36363	1.36363	1.36363
Spanish Peseta	166.667	166.667	166.667	166.667
UK Pound	2.48354	2.48354	2.48354	2.48354

## OTHER CURRENCIES

	Nov 4	Nov 3	Nov 2	Nov 1
US Dollar	1.5676	1.5676	1.5676	1.5676
Japanese Yen	100	100	100	100
Swiss Franc	1.5676	1.5676	1.5676	1.5676
French Franc	6.55957	6.55957	6.55957	6.55957
Italian Lira	1.36363	1.36363	1.36363	1.36363
Spanish Peseta	166.667	166.667	166.667	166.667
UK Pound	2.48354	2.48354	2.48354	2.48354

## MONEY MARKETS

## Sterling rates soften

HOPES OF cuts in UK and German official interest rates continued to dominate trading in the sterling and D-Mark money markets yesterday, writes James Blitz.

In the sterling money market, dealers seemed to assume that Mr John Major would win last night's vote in the House of Commons, calling for the government to embrace European economic and monetary union.

The prospect of the UK government losing was simply not priced into trading. Dealers

UK clearing bank base lending rate 8 per cent from October 10, 1992

said a government defeat would be followed by a sharp mark-up in short-dated futures this morning.

However, according to one discount house dealer, a government victory would almost certainly be followed by a reduction in base rates to accompany next Thursday's Autumn Statement. Dealers were daring to contemplate that the next cut will come on the morning of Friday the 18th.

Sharp volatility in the trading of the December short sterling contract yesterday implied that dealers were divided over the scale of the

cut. The contract rose to 93.64 in the morning, continuing Tuesday's bull run. But it fell to 93.46, down 18 basis points on the day.

Helped by another very small shortage from the Bank of England, cash rates moved to their lowest levels since base rates were introduced. One-month money closed 1/4 easier, at 7 1/2 per cent on the offered side, while three-month money ended at 7 1/2 per cent offered, down from Tuesday's 7 1/2 per cent.

In the German money market, call money eased to rates of between 8.25 and 8.05 per cent after the Bundesbank injected an extra DM3.3bn into the market in the weekly securities repurchase tender.

Miss Alison Cottrell, an economist at Greenwell Montagu in London, noted that the Bundesbank accepted only 37 per cent of bids at the lowest allocated rate of 8.75 per cent. In her view, this suggested that the Bundesbank was calling a temporary halt to the recent cycle of reducing money market rates.

She thinks the Bundesbank will now wait for several weeks before deciding on where to direct policy. Both the public sector wage round and the budget deficit for 1993 will be decided in the next fortnight, and the Bundesbank will take note of results there.

## FINANCIAL FUTURES AND OPTIONS

## LIVE US TREASURY BOND FUTURES

	Nov 4	Nov 3	Nov 2	Nov 1
100	100.00	100.00	100.00	100.00
101	101.00	101.00	101.00	101.00
102	102.00	102.00	102.00	102.00
103	103.00	103.00	103.00	103.00
104	104.00	104.00	104.00	104.00

## LIVE US TREASURY BOND FUTURES

	Nov 4	Nov 3	Nov 2	Nov 1
100	100.00	100.00	100.00	100.00
101	101.00	101.00	101.00	101.00
102	102.00	102.00	102.00	102.00
103	103.00	103.00	103.00	103.00
104	104.00	104.00	104.00	104.00

## LIVE US TREASURY BOND FUTURES

	Nov 4	Nov 3	Nov 2	Nov 1
100	100.00	100.00	100.00	100.00
101	101.00	101.00	101.00	101.00
102	102.00	102.00	102.00	102.00
103	103.00	103.00	103.00	103.00
104	104.00	104.00	104.00	104.00

## LIVE US TREASURY BOND FUTURES

	Nov 4	Nov 3	Nov 2	Nov 1
100	100.00	100.00	100.00	100.00
101	101.00	101.00	101.00	101.00
102	102.00	102.00	102.00	102.00
103	103.00	103.00	103.00	103.00
104	104.00	104.00	104.00	104.00

## LIVE US TREASURY BOND FUTURES

	Nov 4	Nov 3	Nov 2	Nov 1
100	100.00	100.00	100.00	100.00
101	101.00	101.00	101.00	101.00
102	102.00	102.00	102.00	102.00
103	103.00	103.00	103.00	103.00
104	104.00	104.00	104.00	104.00

## LIVE US TREASURY BOND FUTURES

	Nov 4	Nov 3	Nov 2	Nov 1
100	100.00	100.00	100.00	100.00
101	101.00	101.00	101.00	101.00
102	102.00	102.00	102.00	102.00
103	103.00	103.00	103.00	103.00
104	104.00	104.00	104.00	104.00

## LIVE US TREASURY BOND FUTURES

	Nov 4	Nov 3	Nov 2	Nov 1
100	100.00	100.00	100.00	100.00
101	101.00	101.00	101.00	101.00
102	102.00	102.00	102.00	102.00
103	103.00	103.00	103.00	103.00
104	104.00	104.00	104.00	104.00

## LIVE US TREASURY BOND FUTURES

	Nov 4	Nov 3	Nov 2	Nov 1
100	100.00	100.00	100.00	100.00
101	101.00	101.00	101.00	101.00
102	102.00	102.00	102.00	102.00
103	103.00	103.00	103.00	103.00
104	104.00	104.00	104.00	104.00

## LIVE US TREASURY BOND FUTURES

	Nov 4	Nov 3	Nov 2	Nov 1
100	100.00	100.00	100.00	100.00
101	101.00	101.00	101.00	101.00
102	102.00	102.00	102.00	102.00
103	103.00	103.00	103.00	103.00
104	104.00	104.00	104.00	104.00

## LIVE US TREASURY BOND FUTURES

	Nov 4	Nov 3	Nov 2	Nov 1
100	100.00	100.00	100.00	100.00
101	101.00	101.00	101.00	101.00
102	102.00	102.00	102.00	102.00
103	103.00	103.00	103.00	103.00
104	104.00	104.00	104.00	104.00

## LIVE US TREASURY BOND FUTURES

	Nov 4	Nov 3	Nov 2	Nov 1
100	100.00	100.00	100.00	100.00
101	101.00	101.00	101.00	101.00
102	102.00	102.00	102.00	102.00
103	103.00	103.00	103.00	103.00
104	104.00	104.00	104.00	104.00

## LIVE US TREASURY BOND FUTURES

	Nov 4	Nov 3	Nov 2	Nov 1
100	100.00	100.00	100.00	100.00
101	101.00	101.00	101.00	101.00
102	102.00	102.00	102.00	102.00
103	103.00	103.00	103.00	103.00
104	104.00	104.00	104.00	104.00

## LIVE US TREASURY BOND FUTURES

	Nov 4	Nov 3	Nov 2	Nov 1
100	100.00	100.00	100.00	100.00
101	101.00	101.00	101.00	101.00
102	102.00	102.00	102.00	102.00
103	103.00	103.00	103.00	103.00
104	104.00	104.00	104.00	104.00

## LIVE US TREASURY BOND FUTURES

	Nov 4	Nov 3	Nov 2	Nov 1
100	100.00	100.00	100.00	100.00
101	101.00	101.00	101.00	101.00
102	102.00	102.00	102.00	102.00
103	103.00	103.00	103.00	103.00
104	104.00	104.00	104.00	104.00

## LIVE US TREASURY BOND FUTURES

	Nov 4	Nov 3	Nov 2	Nov 1
100	100.00	100.00	100.00	100.00
101	101.00	101.00	101.00	101.00
102	102.00	102.00	102.00	102.00
103	103.00	103.00	103.00	103.00
104	104.00	104.00	104.00	104.00

## MONEY MARKET FUNDS

## Money Market

## Trust Funds

	Nov 4	Nov 3	Nov 2	Nov 1
100	100.00	100.00	100.00	100.00
101	101.00	101.00	101.00	101.00
102	102.00	102.00	102.00	102.00
103	103.00	103.00	103.00	103.00
104	104.00	104.00	104.00	104.00

## Money Market

## Bank Accounts

	Nov 4	Nov 3	Nov 2	Nov 1
100	100.00	100.00	100.00	100.00
101	101.00	101.00	101.00	101.00
102	102.00	102.00	102.00	102.00
103	103.00	103.00	103.00	103.00
104	104.00	104.00	104.00	104.00

## Money Market

## Bank Accounts

	Nov 4	Nov 3	Nov 2	Nov 1
100	100.00	100.00	100.00	100.00
101	101.00	101.00	101.00	101.00
102	102.00	102.00	102.00	102.00
103	103.00	103.00	103.00	103.00
104	104.00	104.00	104.00	104.00

## Money Market

## Bank Accounts

||
||
||



## WORLD STOCK MARKETS

[illegible]

## CANADA

TORONTO				TORONTO				TORONTO				TORONTO					
Index	High	Low	Closing	Sales	Stock	High	Low	Closing	Index	High	Low	Closing	Sales	Stock	High	Low	Closing
4 pm close November 4																	
9700 Crest A	5187	5185	5187	—	—	—	—	—	3000 S&P 500	517	515	517	—	—	—	—	—
10000 Crest A	443	443	443	—	—	—	—	—	10000 Crest A	443	443	443	—	—	—	—	—
100000 Grynax A	183	185	187	—	—	—	—	—	1700 Lbbair	58 1/2	58 1/2	58 1/2	—	—	—	—	—
Reactions in some unions reflected 5																	
10000 Downton A	24	24	24	—	—	—	—	—	20400 Macdonald	5 1/2	5 1/2	5 1/2	—	—	—	—	—
20000 Alstair P	51 1/4	51	51	—	—	—	—	—	20000 Macdon P	5 1/2	5 1/2	5 1/2	—	—	—	—	—
20000 Agri-Gro	50	50	50	—	—	—	—	—	100000 Rogers Int	225	225	225	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	100000 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	4400 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	100000 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	4400 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	100000 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	4400 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	100000 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	4400 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	100000 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	4400 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	100000 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	4400 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	100000 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	4400 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	100000 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	4400 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	100000 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	4400 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	100000 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	4400 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	100000 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	4400 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	100000 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	4400 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	100000 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	4400 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	100000 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	4400 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	100000 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	4400 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	100000 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	4400 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	100000 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	4400 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	100000 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	4400 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	100000 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	4400 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	100000 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	4400 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	100000 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	4400 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	100000 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	4400 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	100000 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	4400 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	100000 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	4400 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	100000 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	4400 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	100000 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	4400 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	100000 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	4400 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	100000 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	4400 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	100000 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	4400 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	100000 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	4400 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	100000 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	4400 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	100000 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	4400 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	100000 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	4400 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	100000 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	4400 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	100000 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	4400 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	100000 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	4400 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	100000 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	4400 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	100000 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	4400 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288	—	—	—	—	—	100000 S&P 500	517	515	517	—	—	—	—	—
100000 Alr Cos	282	288	288														

## INDICES

[illegible]

## NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Wapac Corp	2,843,000	39½	- ¼

## TRADING ACTIVITY

† Volume	Nov 4	Millions Nov 3	Nov
New York SE	199,980	207,808	201

## CANADA

Nov	Nov
4	3
2742.64	2780.62

---

Oct	1992	
30	HIGH	LOW
2772.11	3236.87 (16/1)	2605.82 (5/10)

**TOKYO - M**

Wednesday		
Stocks Traded	Closing Prices	Change on

**SUBSCRIBE TO**

THE FT TODAY			
IN LATIN AMERICA CONTACT YOUR NEAREST AGENT			
		Phone	Fax
Buenos Aires	Publicaciones SA	(1) 276661	924 - 1572
Bogota	Interamerican Press	(1) 256-6095	236 - 9747
Guatemala	Publicaciones Internacionales	(2) 347007	325427
Guayaquil	Durlar Ecuador	(34) 325248	321266
La Paz	Durlar Bolivia	(12) 366887	390710
Lima	Durlar SRL	(14) 758025	759589
Managua	Publiuseria	(52) 660-550	663985
Mexico D.F.	S.E.M.	(5) 207 - 8100	208 - 3979
Panama	Miami Express	(7) 26 - 2886	26 - 7512
Quito	Durlar Ecuador	(32) 565016	
Rio de Janeiro	Synchro	(21) 290 - 6747	290 - 6111
San Jose	Agencia de Publicaciones	(6) 59 - 5555	59 - 9491
Sao Paulo	Synchro	(11) 579 - 6482	578 - 9754
Santiago	Durlar Chile Ltda	(2) 632 - 3037	632 - 4985


**TOTAL PERMANENT**

**FINANCIAL TIMES**



**4 pm close November 4**

## NEW YORK STOCK EXCHANGE COMPOSITE PRICES



A leap forward

With Kühne & Nagel, one of the world's largest forwarding companies, VAG's logistics activities have reached a new dimension.

VAG Airfreight GmbH  
Garmisch-Partenkirchen, Germany  
Tel. 089 255 12 12

Continued on next page



**NASDAQ NATIONAL MARKET**

PI 51a						PI 51a						PI 51a					
Strat	Ch. F. 199a	High	Low	Last Obs. Strat	Strat												

[illegible]

-1 1/2	Age Class	0.72	13	2100	13 1/2	12 1/2	13 1/2		Oregonian	0.51	8	19	4 1/2	3 1/2	4	-1 1/2
+3/8	Hemlock	7	412	2	1 1/2	1 1/2	1 1/2	-1 1/2	Cashup	186	414	5 1/2	4 1/2	5		-1 1/2
	Mon Inds	0.38	17	525	10 1/2	20 1/2	21 1/2	+1 1/2	Ordnance	0.47	19	61	21 1/2	20 1/2	20 1/2	-1 1/2
	Hornbeak		51	1508	8 1/2	5 1/2	6 1/2	+1 1/2	Ordnance 7	0.38	14	80	8 1/2	8 1/2	8 1/2	

Canon Inc.	0.42100	73	52 <sup>1</sup> / <sub>2</sub>	52	52 <sup>1</sup> / <sub>2</sub>	+ <sup>1</sup> / <sub>2</sub>	Canon Corp.	0.36 11	500	17 <sup>1</sup> / <sub>2</sub>	17 <sup>1</sup> / <sub>2</sub>	+ <sup>1</sup> / <sub>2</sub>	Dynalene S	0.41 19	61	21 <sup>1</sup> / <sub>2</sub>	20 <sup>1</sup> / <sub>2</sub>	20 <sup>1</sup> / <sub>2</sub>	- <sup>1</sup> / <sub>2</sub>
Canon Inc.	88	70	5 <sup>1</sup> / <sub>2</sub>	5 <sup>1</sup> / <sub>2</sub>	5 <sup>1</sup> / <sub>2</sub>		Harbeck	81	1508	8 <sup>1</sup> / <sub>2</sub>	8 <sup>1</sup> / <sub>2</sub>	+ <sup>1</sup> / <sub>2</sub>	Gabash T	0.30 14	80	9 <sup>1</sup> / <sub>2</sub>	8 <sup>1</sup> / <sub>2</sub>	9 <sup>1</sup> / <sub>2</sub>	
Cardinal	0.08 16	52 <sup>1</sup> / <sub>2</sub>	32	32 <sup>1</sup> / <sub>2</sub>	32 <sup>1</sup> / <sub>2</sub>	- <sup>1</sup> / <sub>2</sub>	Harbeck	20	260	7	8 <sup>1</sup> / <sub>2</sub>	8 <sup>1</sup> / <sub>2</sub>		Other Tail	1.64 16	76	34	32 <sup>1</sup> / <sub>2</sub>	34
							Harbeck	20	260	7	8 <sup>1</sup> / <sub>2</sub>	8 <sup>1</sup> / <sub>2</sub>							

[illegible]

**BE  
OUR  
GUEST.**



When you stay  
with us in Bilbao,  
stay in touch  
with your  
complimentary copy  
of the



**FINANCIAL TIMES**  
 (LONDON & NEW YORK)



